

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Chester School District
Board of Education
Chester, New Jersey**

For the Fiscal Year Ended June 30, 2014

Prepared by

**Chester School District
Board of Education
Finance Department**

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

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Introductory Section

Chester School District
50 North Road, Building 4
Chester, New Jersey 07930

Telephone (908) 879-7373
Fax (908) 879-5887

Christina VanWoert, Ed.D.
Superintendent of Schools

Mary Jane Canose
School Business Administrator
Board Secretary

November 25, 2014

The Honorable President and Members
of the Board of Education
Chester School District
County of Morris, New Jersey

Dear Board Members and Constituents:

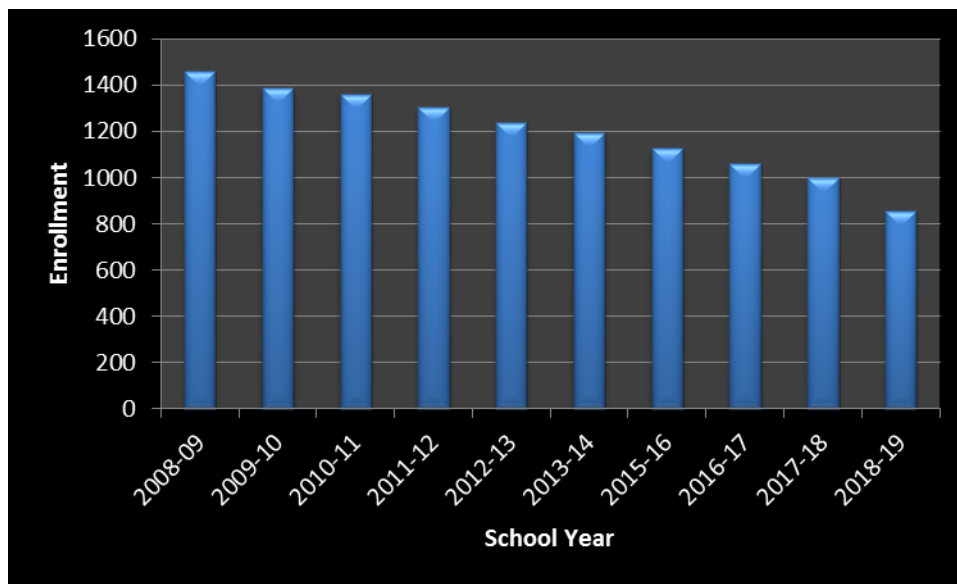
The comprehensive annual financial report (CAFR) of the Chester School District for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Chester Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to presenting all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principals generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This transmittal letter is designed to be read in conjunction with the Management Discussion and Analysis, which begins on page 14.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, Management Discussion and Analysis as well as the auditor's report thereon. The statistical section includes selected financial and demographic information generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations," and the State Treasury Circular Letter 04-04-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. Reporting Entity and its Services: Chester School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB No.14. All funds and account groups of the District are included in this report. The Chester School District Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade kindergarten through eighth grade for the students residing in Chester Township and Chester Borough and is considered a Consolidated School District. These include regular as well as special services for children with learning disabilities. The District also provides summer special education courses and enrichment programs throughout the year. The schools are organized on a K-2, 3-5 and 6-8 system and include Dickerson Elementary School, Bragg Intermediate School and Black River Middle School, all operating on a full-day schedule including Kindergarten, along with an integrated preschool.

2. Enrollment: The District completed the 2013-2014 fiscal year with an enrollment of 1,217 students, which is 22 students less than the previous year's enrollment. The District recently commissioned a demographic survey and the data reported by Whitehall Associates, Inc. is illustrated below:



The District's highest enrollment of 1,457 was in the 2008-09 school year and has declined steadily from that point, with a projected enrollment in 2018-19 of 863 students. According to the Chester Borough Planning Board, there is little or no development planned in the near future. The surrounding elementary school districts, which send their students to the West Morris Regional High School District, are also experiencing enrollment declines. The five municipalities, Chester Township, Chester Borough, Mendham Township, Mendham Borough and Washington Township have been meeting and discussing consolidation and de-regionalization options. A feasibility study has been commissioned to explore these options further.

3. Economic Condition and Outlook: The Chester School District, as most of the school populations in the United States, is experiencing a period of slow development and expansion, which is expected to continue beyond the year 2015. It has been noted that the available space for future development in Chester Township is limited and there is no additional space in Chester Borough for additional homes. Because the housing market is still somewhat depressed, home sales have been slow. Therefore, fewer families with school age children are moving in to the community. Enrollment has dropped over the past several years and we expect that it will do so next year as well.

Although Chester is considered a fairly affluent community, the District has had an increase over the past two years in families receiving free and reduced lunch benefits as a result of the current economy. This is the fourth year the District was eligible for Title I funds, which is unusual for a school system that is in the J District Factor Group.

4. Major Initiatives: The Black River Middle School is a New Jersey School to Watch for the second time.

The Chester School District's curriculum meets and exceeds the New Jersey Core Curriculum Content Standards. Listed below are the enhancements that the District's budget supports:

MATH

The District' focus is on fully implementing the Common Core State Standards and preparation for the PARCC assessments in the spring of 2015.

SCIENCE

The District is now offering a STEM class in Black River Middle School and will implement STEM classes across the District.

LANGUAGE ARTS LITERACY

Student portfolio assessments have been developed across the District utilizing benchmark writing assessments to chart student progress longitudinally from Kindergarten through eighth grade. The District is moving towards full implementation of the Common Core State Standards and preparation for the PARCC assessments.

SOCIAL STUDIES

A new class titled the History of Innovation and Design has been added to the curriculum, combining elements of the new STEM initiative with the Social Studies curriculum.

TECHNOLOGY

The District continues to enhance the technology in the classroom and district-wide. The District has doubled its bandwidth in preparation for PARCC testing. Interactive white boards have been installed in almost every classroom. Working with the Educational Foundation of the Chesters and the PTO, the district has purchased carts of laptops and Chromebooks, iPads, and document cameras. The Black River Middle School now has a 1:1 student to device ratio. A Technology and Communications Committee, consisting of teachers, administrators and parents, has been actively meeting to enhance the integration of technology into the curriculum.

FACILITIES

The District has made it a priority to deposit excess funds in the Capital Reserve and Maintenance Accounts to ensure that the District's infrastructure remains in good condition. Future projects include enhanced security measures in each of the school buildings, roof replacements and the development of a Long-Range Facility Plan to assist the District in budgeting for future projects.

5. Internal Accounting Controls: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs as well as to determine that the District has complied with applicable laws and regulations.

6. Budgetary Controls: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2014.

7. Accounting System and Reports: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

8. AWARDS: The Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013 was awarded a "Certificate of Excellence in Financial Reporting" by the Association of School Business Officials International. This is the tenth consecutive year the district has received this award.

9. FINANCIAL POLICIES: As a result of the current economic situation, the District has put policies in place to implement the efficiency standards as established by the State of New Jersey. The District is using shared services and purchasing cooperatives whenever possible. The District also participated in the Morris County Improvement

Authority's Renewable Energy Program, significantly reducing the District's energy costs, allowing more funding to be directed into the classroom.


The District adopted the following financial policies to guide budget development and oversight:

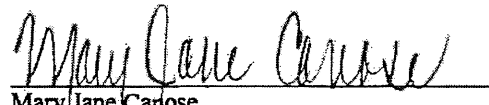
- Provide funds for programs and services that support district goals and education excellence
- Provide funding for all programs required by state and federal mandate, Board policy and contractual obligations
- Be prudent in the expenditure of district funds, respecting the impact on local taxpayers
- Build the budget from a zero base; requiring justification for all line items, including contingencies for unanticipated needs
- Prepare a budget in compliance with N.J.A.C. 6A:23A. School district Fiscal Accountability, Efficiency and Budgeting Procedures, Subchapter 8. Annual Budget Development and Submission
- Prepare a budget in compliance with the tax levy cap law, P.L. 2010, c. 44.

10. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected VM Associates, Inc. as its auditor. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules, is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

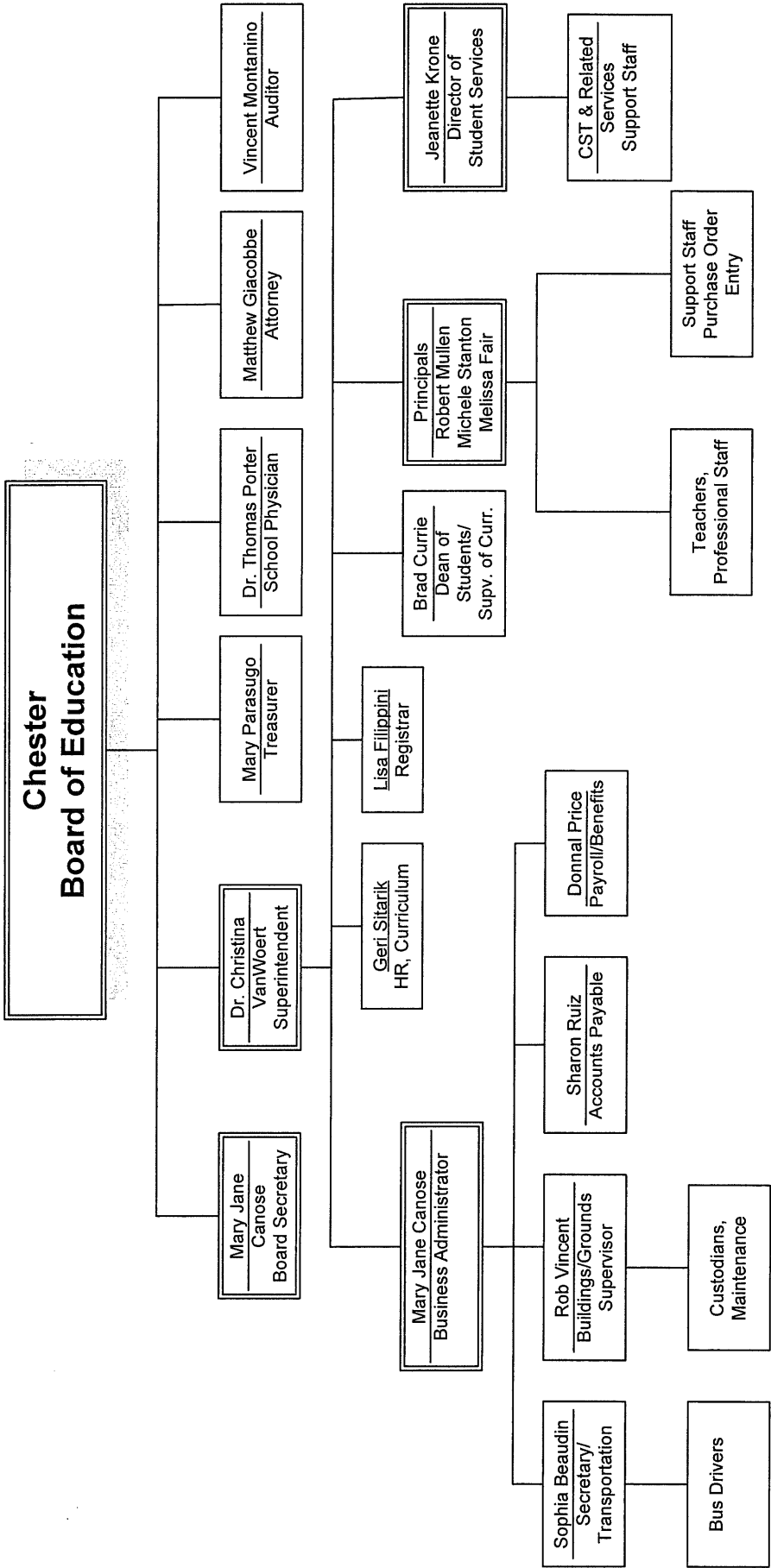
11. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Chester Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial services of our financial and accounting staff.

Respectfully submitted,


Christina VanWoert, Ed.D.
Superintendent of Schools


Mary Jane Carlose
School Business Administrator, Board Secretary

Chester Public Schools Organization Chart



**CHESTER SCHOOL DISTRICT
CHESTER, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2014**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Carolyn Kleppe-Collins, Member	2015
Christine Hofstetter, Member	2015
Amy Collins, Member	2016
Michael Tomasco, Member	2015
Angelo Pennisi, Member	2014
Heather Ronco, Vice President	2016
Ray Trevisan, Member	2014
Kerri Wright, President	2016
Nathan Treff, Member	2014

Other Officials

Dr. Christina Van Woert	Superintendent of Schools
Mary Jane Canose	Business Administrator/Board Secretary
Mary Parasugo	Treasurer of School Monies

**CHESTER SCHOOL DISTRICT
CHESTER, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2014**

ATTORNEY

Matthew J. Giacobbe
Cleary Giacobbe Alfieri Jacobs, LLC
169 Ramapo Valley Rd.
Oakland, NJ 07436

DISTRICT AUDITOR

VM Associates, Inc.
111 Howard Boulevard, Suite 212
P.O. Box 397
Mt. Arlington, New Jersey 07856

OFFICIAL DEPOSITORY

Valley National Bank
2 Main Street
Chester, NJ 07930

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Chester Board of Education

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in dark ink, reading "Terrie S. Simmons", is written over a horizontal line.

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in dark ink, reading "John D. Musso", is written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

Financial Section

Independent Auditors' Report



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Chester School District
County of Morris, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chester School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chester School District as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 78-81 and 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chester School District's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and other information such as the introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

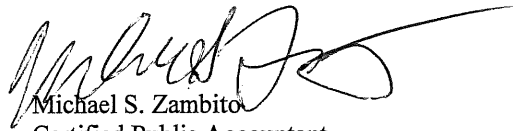
The combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material aspects, in relation to the basic financial statements as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards and the Division of Finance,
Department of Education, State of New Jersey**

In accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated November 25, 2014 on our consideration of the Chester School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey in considering the Chester School District's internal control over financial reporting and analysis.



Vincent M. Montanino
Public School Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

November 25, 2014

**REQUIRED SUPPLEMENTARY INFORMATION -
PART I**

CHESTER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(UNAUDITED)

The discussion and analysis of the Chester School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required and Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments."

Financial Highlights

- The assets of the Chester School District exceeded its liabilities at the close of the most recent fiscal year by \$27,183,923 (net position).
- The District's total net position increased \$1,468,488. Net Position of Business-type Activities decreased \$8,728, and the net position of governmental activities increased by \$1,477,216.
- General revenues accounted for \$20,186,069 in revenue or 82 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions and capital grants accounted for \$4,512,502 or 18 percent of total revenues of \$24,697,768.
- The district had \$22,862,461 in expenses related to governmental activities; only \$4,155,312 were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$20,184,365 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$22,536,205 in revenues, \$21,771,771 in expenditures, and \$523,273 in net transfers to other funds. The General Fund's fund balance increased \$241,141 from the June 30, 2013 fund balance. The Capital Projects Fund had no capital grants. Total expenditures for the Capital Projects Fund were \$723,273, and net transfers from other funds totaled \$523,273, resulting in the Fund's fund balance decreasing \$200,000 from the June 30, 2013 fund balance. The Debt Service Fund Balance decreased \$99,635 over the prior year. The amount of the decrease is the fund balance appropriated for tax relief in 2013-2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net position are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental Activities:** Most of the district's basic programs and services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- **Business-Type Activities:** These services are provided on a charge for goods or services basis to recover the cost of the goods and services provided. The District's food service, summer enrichment and pay to participate programs are each reported as a business-type activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources than can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The district is the trustee, or *fiduciary*, for the Unemployment Compensation Trust, Scholarship Funds and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other Information: The combining statements referred to earlier in connection with governmental funds and enterprise funds are presented immediately following the notes to the basic financial statements.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Major Features of Chester School District's
Government-Wide and Fund Financial Statements
(Figure A-1)**

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; N/A	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long- term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

Financial Analysis of the District as a Whole

The District's *combined* net position changed from a year ago, *increasing* from \$25.7 million to \$27.2 million. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1

Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 5,109,101	\$ 5,088,516	\$ 98,414	\$ 145,985	\$ 5,207,515	\$ 5,234,501
Capital Assets						
Construction in Progress	37,374,990	36,476,455			37,374,990	36,476,455
Other Assets, Net of Accumulated Depreciation	<u>3,544,665</u>	<u>3,769,559</u>	<u>45,741</u>	<u>29,567</u>	<u>3,590,406</u>	<u>3,799,126</u>
Total Assets	<u>46,028,756</u>	<u>45,334,530</u>	<u>144,155</u>	<u>175,552</u>	<u>46,172,911</u>	<u>45,510,082</u>
Deferred Charge on Refunding of Debt and Issuance Costs	<u>1,710,582</u>	<u>1,796,978</u>	<u>-</u>	<u>-</u>	<u>1,710,582</u>	<u>1,796,978</u>
Total Deferred Outflows of Resources	<u>1,710,582</u>	<u>1,796,978</u>	<u>-</u>	<u>-</u>	<u>1,710,582</u>	<u>1,796,978</u>
Long-term Debt Outstanding	20,305,836	21,244,023			20,305,836	21,244,023
Other Liabilities	<u>390,092</u>	<u>321,291</u>	<u>3,642</u>	<u>26,311</u>	<u>393,734</u>	<u>347,602</u>
Total Liabilities	<u>20,695,928</u>	<u>21,565,314</u>	<u>3,642</u>	<u>26,311</u>	<u>20,699,570</u>	<u>21,591,625</u>
Net Position:						
Net Investment in Capital Assets	22,930,884	21,364,128	45,741	29,567	22,976,625	21,393,695
Restricted	4,377,042	4,466,429			4,377,042	4,466,429
Unrestricted (deficit)	<u>(264,516)</u>	<u>(264,363)</u>	<u>94,772</u>	<u>119,674</u>	<u>(169,744)</u>	<u>(144,689)</u>
Total Net Position	<u>\$ 27,043,410</u>	<u>\$ 25,566,194</u>	<u>\$ 140,513</u>	<u>\$ 149,241</u>	<u>\$ 27,183,923</u>	<u>\$ 25,715,435</u>

- Net position of the District's governmental activities increased by 5.8 percent.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operation without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased \$153.
- Restricted net position, those restricted mainly for capital projects decreased by \$89,387.
- The Governmental Activities Net Position category benefitted from increased economic activity, which resulted in actual revenues exceeding budgeted revenues.
- The investment in capital assets, net of debt category increased by \$1,566,756.

Table 2

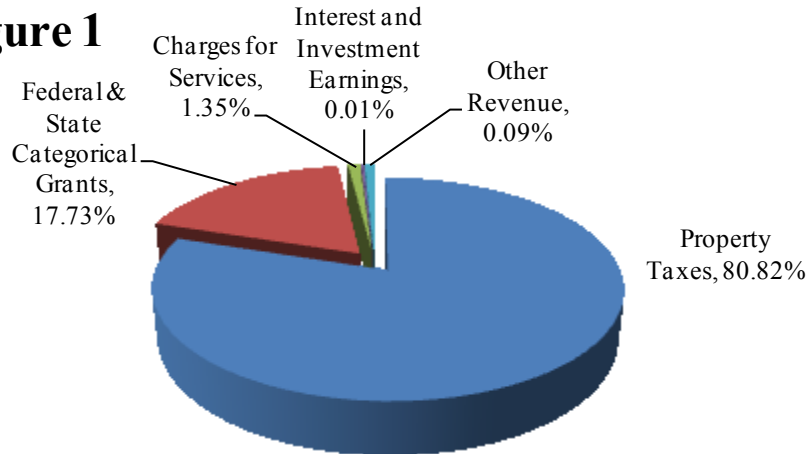
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 182,115	\$ 182,109	\$ 297,817	\$ 284,703	\$ 479,932	\$ 466,812
Operating Grants and Contributions	3,973,197	4,165,038	59,373	60,611	4,032,570	4,225,649
General Revenues:						
Property Taxes	19,966,388	20,005,077			19,966,388	20,005,077
Federal and State Aid	71,424	61,202			71,424	61,202
Interest and Investment Earnings	15,447	23,522	1,704	1,704	17,151	25,226
Other General Revenues	131,106	206,905	-	-	131,106	206,905
Total Revenues:	<u>24,339,677</u>	<u>24,643,853</u>	<u>358,894</u>	<u>347,018</u>	<u>24,698,571</u>	<u>24,990,871</u>
<u>Program Expenses Including Indirect Expenses</u>						
Instruction:						
Regular	8,537,297	8,680,122			8,537,297	8,680,122
Special	2,716,955	2,651,607			2,716,955	2,651,607
Other Instruction	834,520	806,297			834,520	806,297
Support Services:						
Tuition	693,460	754,466			693,460	754,466
Student and Instruction Related Services	2,920,482	3,214,270			2,920,482	3,214,270
School Administrative Services	1,189,595	1,164,829			1,189,595	1,164,829
General and Business Administrative Services	1,192,768	1,242,245			1,192,768	1,242,245
Plant Operations and Maintenance	2,170,778	2,107,079			2,170,778	2,107,079
Pupil Transportation	1,627,122	1,498,652			1,627,122	1,498,652
Capital Outlay-Debt Service Assessment	58,458	58,458			58,458	58,458
Special Schools	165,877	166,906			165,877	166,906
Charter Schools	98,108	81,699			98,108	81,699
Interest on Long-Term Debt	657,041	529,706			657,041	529,706
Business-Type Activities:						
Food Services	-	-	367,622	347,864	367,622	347,864
Total Expenses	<u>22,862,461</u>	<u>22,956,336</u>	<u>367,622</u>	<u>347,864</u>	<u>23,230,083</u>	<u>23,304,200</u>
Increase in Net Position	<u>1,477,216</u>	<u>1,687,517</u>	<u>(8,728)</u>	<u>(846)</u>	<u>1,468,488</u>	<u>1,686,671</u>
Net Position-Beginning 7/1	\$ 25,566,194	\$ 23,878,677	\$ 149,241	\$ 150,087	\$ 25,715,435	\$ 24,028,764
Net Position-Ending 6/30	<u>\$ 27,043,410</u>	<u>\$ 25,566,194</u>	<u>\$ 140,513</u>	<u>\$ 149,241</u>	<u>\$ 27,183,923</u>	<u>\$ 25,715,435</u>

Governmental Activities

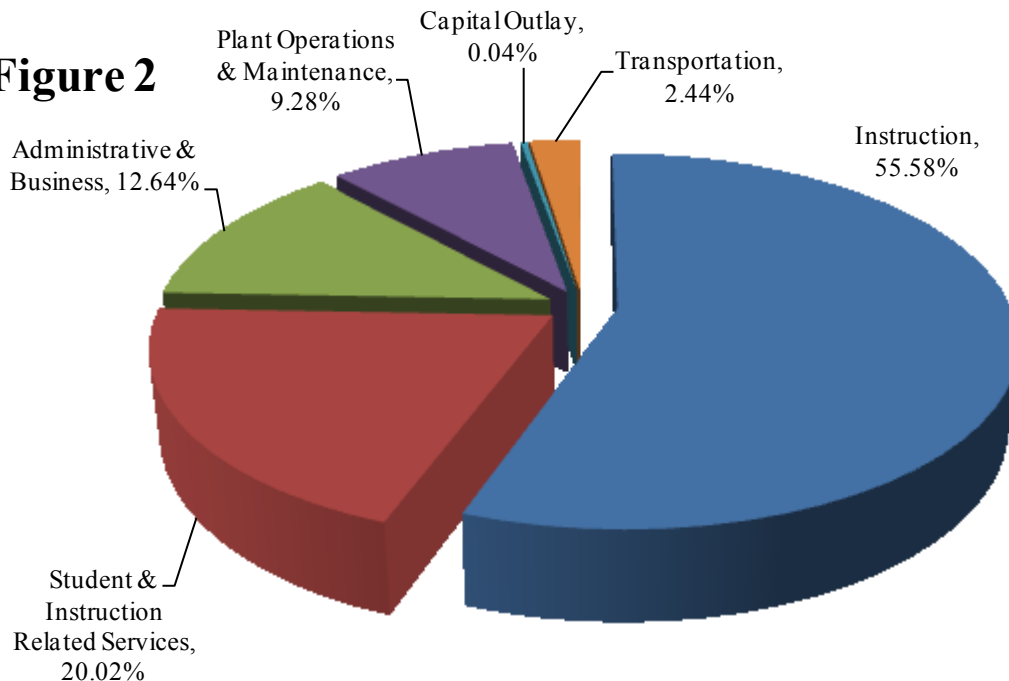
Revenue Sources. The District's total revenue for the 2013/2014 school year was \$8,822,378.74 (See Table 2). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$7,347,916.00 of the total, or 80.82 percent (See Figure 1). State formula aid and categorical grants accounted for 17.73 percent and the remainder was from other miscellaneous sources. The Rockaway Borough School District primarily conducts its operations from the revenue it receives from its local taxpayers.

Figure 1



The total cost of all programs and services was \$8,471,498.37. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (78.04 percent) (See Figure 2). The District's administrative and maintenance activities accounted for 21.71 percent of total costs. It is important to note that depreciation of \$49,509.99 is included in expenses for the year.

Figure 2



Governmental Activities (Continued)

In NJ State Aid has remained relatively flat over the past few years; the burden of funding education in the District has fallen on property taxes. Therefore it is crucial that the District examine its expenditures carefully, since any proposed increase to the school district budget will be funded entirely through property taxes.

Table 3 presents the cost of the District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Table 3
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2013/2014	2012/2013	2013/2014	2012/2013
Instruction	\$ 12,088,772	\$ 12,138,026	\$ 9,632,090	\$ 9,598,281
Tuition	957,445	1,003,071	658,621	717,746
Student and Instruction Services	2,920,482	3,214,270	2,573,226	2,652,129
Administrative and Business	2,382,363	2,407,074	2,208,013	2,205,172
Maintenance and Operations	2,170,778	2,107,079	2,067,482	1,983,672
Transportation	1,627,122	1,498,652	1,467,372	1,351,845
Other	715,499	588,164	100,345	100,344
	<u>\$ 22,862,461</u>	<u>\$ 22,956,336</u>	<u>\$ 18,707,149</u>	<u>\$ 18,609,189</u>

- The cost of all governmental activities this year was \$22.9 million.
- The federal and state governments subsidized certain programs with grants and contributions.
- Most of the District's costs, however, were financed by District taxpayers (\$19.9 million).
- A portion of governmental activities was financed with state aid based on the CEIFA formula.
- The remainder of governmental activities funding came from charges for services, local grants, investment earnings and miscellaneous revenue.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The District's governmental fund is comprised of the general fund, special revenue fund, and capital projects fund and is accounted for using the modified accrual basis of accounting.

The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unrestricted fund balance is divided between assigned to and unassigned balances. The District has assigned portions of the unrestricted fund balance to earmark resources for the payment of certain government-wide liabilities that are not recognized in the governmental funds.

General Fund: The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$543,680, while total fund balance was \$4,684,559.

As demonstrated by the various statements, the District maintains a sound financial position. The information below compares revenues for 2013-2014 and 2012-2013.

Table 4

<u>Revenues by Source:</u>	<u>2013-2014</u>	<u>2012-2013</u>	<u>% Change</u>
Local Tax Levy	\$ 20,581,542	\$ 20,492,897	0.43%
Tuition Charges	182,115	182,109	0.00%
Interest Earned to Investments	15,447	23,522	-34.33%
Miscellaneous	<u>206,048</u>	<u>329,014</u>	-37.37%
Total - Local Sources	20,985,152	21,027,542	-0.20%
State Sources	3,021,827	3,265,796	-7.47%
Federal Sources	<u>332,698</u>	<u>350,515</u>	-5.08%
Total Revenues	<u>\$ 24,339,677</u>	<u>\$ 24,643,853</u>	-1.23%

The decrease in local sources is mainly attributable to tuition adjustments from private schools, a one-time refund for services from Century Link, E-Rate refunds, the sale of a school bus in 2012-2013 and a drop in preschool enrollment for 2013-2014 (parent paid). Interest earned on investments decreased due to lower interest rates.

The decrease of \$243,969 or 7.47% of State sources is a result of a decrease from the State in On-Behalf TPAF Pension Contributions.

The decrease of \$17,817 of Federal sources in 2013-2014 is primarily due to the District realizing less revenue for the I.D.E.A. Basic Grant and no longer realizing revenue for the U.S. Dept. of Treasury-Education Jobs Act.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Governmental Activities (Continued)

The information below compares expenditures for 2013-2014 and 2012-2013:

Table 5

<u>Expenditures by Function:</u>	<u>2013-2014</u>	<u>2012-2013</u>	<u>% Change</u>
Current:			
Regular Instruction	\$ 6,156,808	\$ 6,173,561	-0.27%
Special Education	1,951,554	1,855,185	5.19%
Other Instruction	611,446	558,291	9.52%
Support Services and Undistributed Costs:			
Tuition	693,460	754,466	-8.09%
Student and Instruction Related Services	2,258,631	2,488,897	-9.25%
School Administrative Services	799,853	767,100	4.27%
General and Business Administrative Services	813,754	837,211	-2.80%
Plant Operations and Maintenance	1,870,389	1,761,785	6.16%
Pupil Transportation	1,493,827	1,369,596	9.07%
Employee Benefits	5,040,703	5,393,778	-6.55%
Capital Outlay	984,717	641,240	53.56%
Capital Outlay-Debt Service Assessment	58,458	58,458	0.00%
Special Schools	141,030	139,860	0.84%
Transfer to Charter School	98,108	81,699	20.08%
Debt Service:			
Principal	800,000	880,000	-9.09%
Interest on Long-Term Debt	625,413	561,290	11.42%
Bond Issuance Costs	-	119,220	-100.00%
Advance to Refunding Escrow	-	1,764,155	-100.00%
Total Expenditures	<u>\$ 24,398,151</u>	<u>\$ 26,205,792</u>	-6.90%

Capital Outlay increased \$343,477 due to a transfer from the Capital Reserve Fund for security improvements to the vestibules at all three schools and partial roof replacements at all three schools. Capital Outlay-Debt Service Assessment is the District's debt assessment for grants received from the Department of Education for eligible capital projects. Bond Issuance Costs and Advance to Refunding Escrow were incurred due to bond refinancing and sale in 2012-2013. Interest on Long-Term-Debt increased \$64,123 and payment to Principal decreased \$80,000 due to a revised bond payment schedule that resulted from the 2012-13 bond refinancing.

Charter Schools increased \$16,409 because of the enrollment of an additional student.

All other fluctuations are within the normal range of plus or minus 10% and therefore further explanation is not provided.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Governmental Activities (Continued)

GENERAL FUND

Fund Balance in the General Fund increased by \$241,161 due to the realization of more revenues over and above what was anticipated and by the District efficiently spending less than was budgeted. Of the \$4,684,559 of fund balance in the General Fund, \$2,210,532 has been restricted in the capital reserve account, \$729,753 has been restricted in the maintenance reserve account, \$474,706 has been restricted as current year excess surplus and \$534,542 as Designated excess surplus-prior year, and \$191,346 of encumbrances are assigned to other purposes and \$543,680 is unassigned. The District is at its maximum unassigned fund balance limit. Overall, the District's financial position remains sound.

SPECIAL REVENUE FUND

The Special Revenue Fund includes all restricted Federal, State and Local sources utilized in the operations of the district in providing educational services to students. Federal sources accounted for the majority of the Special Revenue Fund's revenue which represented 70% of the total revenues for the year ended June 30, 2014. Revenues and Expenditures in the Special Revenue Fund remained consistent with that of the prior year.

CAPITAL PROJECTS FUND

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The fund balance in the Capital Projects Fund of \$217,980 is the result of the unspent proceeds from transfers from capital reserve, private contributions, and state grant money that is being used for ongoing capital projects throughout the District. The \$159,480 interfund payable with the General Fund is a cash advance to cover bills and will be liquidated.

DEBT SERVICE FUND

The Debt Service Fund has a total fund balance of \$18,183, all of which is reserved for the payment of debt service. This amount is the net increase in fund balance during the current fiscal year and is due to revenues and other financing sources exceeding expenditures. The District refinanced its debt during the year ended June 30, 2013.

Business-type Activities

The District's major Enterprise Fund consists of the Food Service Fund. Revenues for the Food Service Program were comprised of charges for services and federal and state reimbursements. Food Service expenses exceeded revenues by \$8,728. Charges for food service represent \$297,817 of revenue, this is the amount paid by patrons for daily food service and special functions. Federal and State reimbursements for meals, including payments for free and reduced lunches, and donated commodities were \$60,718.

The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 6, which demonstrates return on ending assets and return on ending net position.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)
Business-type Activities (Continued)

Table 6

	<u>Food Service</u>
Total Assets	\$ 144,155
Net Position	140,513
Change in Net Position	(8,728)
Return on Ending Total Assets	-6.05%
Return on Ending Net Position	-6.21%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table 7

**Capital Assets at Year-End
(Net of Depreciation)**

Land Improvements	\$ 1,007,382	\$ 1,003,295	\$ -	\$ -	\$ 1,007,382	\$ 1,003,295
Buildings	6,360,187	6,344,305			6,360,187	6,344,305
Machinery and Equipment	1,540,825	1,513,609	125,211	105,031	1,666,036	1,618,640
Construction-in-Progress	<u>37,374,990</u>	<u>36,476,455</u>	<u>-</u>	<u>-</u>	<u>37,374,990</u>	<u>36,476,455</u>
Subtotal	46,283,384	45,337,664	125,211	105,031	46,408,595	45,442,695
Accumulated Depreciation	<u>(5,363,729)</u>	<u>(5,091,650)</u>	<u>(79,470)</u>	<u>(75,465)</u>	<u>(5,443,199)</u>	<u>(5,167,115)</u>
Totals	<u>\$ 40,919,655</u>	<u>\$ 40,246,014</u>	<u>\$ 45,741</u>	<u>\$ 29,566</u>	<u>\$ 40,965,396</u>	<u>\$ 40,275,580</u>

This year's major additions in the Governmental Activities included floor tile replacement and asbestos remediation in Bragg School, replacement of classroom door hardware at all three schools, and improvements to the vestibules at all three schools to enhance security.

The 2014-2015 budget calls for capital outlay expenditures in the amount of \$365,948, which represents the following: at the Dickerson School renovation of two visitor bathrooms, replacement of several outside doors, installation of a new well water treatment system and the replacement of the public address system; at Black River Middle School, the replacement of classroom partitions with permanent walls and the replacement of all hallway lockers; at Bragg School, resurfacing of the roof. Capital outlay expenditures will also include the NJSDA assessment. More detailed information about the District capital assets is presented in the notes to the basic financial statements.

DEBT

At year-end the District had total debt of \$20.3 million outstanding versus \$21.2 last year – a decrease of 4.4 percent – as shown in Table 8.

Outstanding Debt, at Year-End

Table 8

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Unamortized Premium	\$ 704,353	\$ 748,864
Serial Bonds	18,855,000	19,655,000
Capital Leases	140,000	275,000
Compensated Absences	606,483	565,159
	<u>\$ 20,305,836</u>	<u>\$ 21,244,023</u>

The District continued to pay down its debt, retiring \$800,000 of its outstanding serial bonds. Capital Leases decreased by the scheduled pay down of \$135,000. The District's accrued Compensated Absences increased by \$41,324 from 2013 primarily due to the accrual of sick and vacation time.

An analysis of District Debt is presented in the notes to the basic financial statements.

BUDGETS

The District's budget is prepared according to New Jersey Department of Education guidelines. The most significant budgetary fund is the General Fund. Revisions in the general fund budget were made through budget transfers to prevent over commitments in specific line item accounts. These transfers were made by a resolution of the Board of Education pursuant to N.J.S.A. 18A:22-8.1.

Described below are explanations for variations in expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed necessary.

Revenues

There were no revenue fluctuations between the original and modified budgets.

Expenditures

The modified budget for Regular Programs - Instruction increased by \$165,730 due to the addition of a Gifted and Talented instructor, additional technology teaching tools, and increased bandwidth for classroom use and preparation for PARCC testing.

BUDGETS (Continued)

Expenditures (Continued)

The modified budget for Undistributed Expenditures – Instruction decreased by \$87,246 due to the reallocation of private nursing services to Extraordinary Services.

The modified budget for Undistributed Expenditures – Student Transportation Services increased by \$82,237 due to additional bus paraprofessionals and special education requirements.

The modified budget for Allocated Benefits decreased by \$203,577 due to increased employee contributions and a negotiated Plan change.

Capital Outlay-Equipment increased \$91,749 because the district purchased two new school vans, musical equipment, an outdoor sign for Dickerson School, and bleachers for Black River Middle School.

Described below are explanations for variations in expenditures for certain lines where the modified budget amounts differ from the actual budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed necessary.

Revenues

Local Revenues were more than the modified budget by \$72,865 as a result of additional fees for use of facilities, prior year tuition refunds, phone service refunds, and E-Rate refunds.

State Revenues were more than the modified budget by \$1,854,281 as a result of non-public transportation reimbursements, extraordinary aid, and TPAF on Behalf and TPAF Reimbursed payments.

Expenditures

The actual amounts expended for Regular Programs - Instruction was less than the final budget by approximately \$82,652 as a result of fewer textbooks purchased because of technology resources, and increased health benefit contributions by staff.

The actual amounts expended for Tuition to Private Schools for the Disabled was less than the final budget by approximately \$80,506 as a result of a student returning to district.

The actual amounts expended for Allocated Benefits was less than the final budget by approximately \$285,914 as a result of receiving a lower renewal rate than budgeted and increased contributions by employees.

The actual amounts expended for Capital Outlay – Construction Services was less than the final budget by approximately \$184,372 because original estimates for roofing projects were higher than the lowest bid received.

FACTORS BEARING ON THE DISTRICT'S FUTURE

In preparing the 2014-2015 budget, the primary goal of the Board was to develop a budget that would meet the District's educational priorities, provide accountability to the taxpaying community, and comply with the stringent restrictions placed on school district budgets by the new legislation. This legislation put a "2% cap" on the local tax levy; therefore, limiting the amount of funds a district can raise to support its budget. The District generated banked cap from health benefits adjustments.

The Board has opted to prepare its 2014-2015 budget with a 1.8% tax increase. The 2014-2015 unrestricted fund balance will be limited to 2% of the District's expenditures as per the New Jersey Department of Education regulations. Thus, it will be important to prepare a budget that will closely reflect actual expenditures since the unrestricted fund balance will not permit much flexibility. Looking ahead to the development of the 2015-2016 budget, the new budget law put into effect by the State of New Jersey Department of Education will have a significant impact. The law goes beyond the capping of revenues for the budget but it also authorizes the Executive County Superintendent to look into the budget and challenge the District in their expenditure decisions. The State of New Jersey has also made it clear that they are moving to reduce the number of school districts in the State by consolidating neighboring districts and by encouraging shared services.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mary Jane Canose, the School Business Administrator, Chester School District, Chester, New Jersey.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of all funds as of June 30, 2014.

GOVERNMENT – WIDE FINANCIAL STATEMENTS

The Government-Wide financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of the governmental and business-like activities as of June 30, 2014.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Net Position
June 30, 2014**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 1,152,506	\$ 78,508	\$ 1,231,014
Receivables, Net	998,334	10,057	1,008,391
Internal Balances	(208)	208	-
Inventory		9,641	9,641
Restricted Assets:			
Cash	18,184		18,184
Capital Reserve Account - Cash	2,940,285		2,940,285
Capital Assets, Net			
Construction in Progress	37,374,187		37,374,187
Other Assets, Net of Accum. Depreciation	3,544,665	45,741	3,590,406
Total Assets	<u>46,027,953</u>	<u>144,155</u>	<u>46,172,108</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding of Debt	<u>1,710,582</u>	<u>-</u>	<u>1,710,582</u>
Total Deferred Outflows of Resources	<u>1,710,582</u>	<u>-</u>	<u>1,710,582</u>
 LIABILITIES			
Accounts Payable	78,093	3,642	81,735
Interest Payable	201,713		201,713
Payable to State Government	9,053		9,053
Unearned Revenue	101,233		101,233
Noncurrent Liabilities			
Due Within One Year	895,000		895,000
Due Beyond One Year	19,410,836	-	19,410,836
Total Liabilities	<u>20,695,928</u>	<u>3,642</u>	<u>20,699,570</u>
 NET POSITION			
Net Investment in Capital Assets	22,930,081	45,741	22,975,822
Restricted For:			
Debt Service	18,183		18,183
Capital Projects	217,980		217,980
Other Purposes	4,140,879		4,140,879
Unrestricted	<u>(264,516)</u>	<u>94,772</u>	<u>(169,744)</u>
Total Net Position	<u>\$ 27,042,607</u>	<u>\$ 140,513</u>	<u>\$ 27,183,120</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Program Revenues		Business-type Activities	
	Expenses	Charges for Services	Operating Grants and Contributions	Total
Governmental Activities:				
Instruction:				
Regular	\$ 8,537,297	\$ 182,115	\$ 860,103	\$ (7,495,079) \$ (7,495,079)
Special Education	2,716,955		1,278,256	(1,438,699)
Other Instruction	834,520		136,208	(698,312)
Support Services:				
Tuition	693,460		281,975	(411,485)
Student and Instruction Related Services	2,920,482		347,256	(2,573,226)
School Administrative Services	1,189,595		110,019	(1,079,576)
General and Business Administrative Services	1,192,768		64,331	(1,128,437)
Plant Operations and Maintenance	2,170,778		103,296	(2,067,482)
Pupil Transportation	1,627,122		159,750	(1,467,372)
Capital Outlay-Debt Service Assessment	58,458			(58,458)
Special Schools	165,877		16,849	(149,028)
Charter Schools	98,108		-	(98,108)
Debt Service Interest and Other Charges	657,041	-	615,154	(41,887)
Total Governmental Activities	22,862,461	182,115	3,973,197	(18,707,149)
Business-Type Activities:				
Food Service	367,622	297,817	59,373	(10,432)
Total Business-Type Activities	367,622	297,817	59,373	(10,432)
Total Primary Government	\$ 23,230,083	\$ 479,932	\$ 4,032,570	\$ (18,717,581)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				\$ 19,255,764
Property Taxes, Levied for Debt Service				710,624
Federal and State Aid Not Restricted				71,424
Rents and Royalties				38,953
Investment Earnings			1,704	17,151
Miscellaneous Income			-	91,350
Total General Revenues			1,704	20,185,266
Change in Net Position			(8,728)	1,467,685
Net Position—Beginning			149,241	25,715,435
Net Position—Ending			\$ 140,513	\$ 27,183,120

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The combining and individual fund and account group statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type. The statements are segregated as follows:

Governmental Funds- This section consists of the general, special revenue, capital projects, and debt service funds.

Proprietary Funds- This section consists of the food service program. These funds are operated in a manner to a private business enterprise.

Fiduciary Funds- This section consists of the unemployment compensation insurance trust fund, the student activity and the payroll agency funds.

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,152,507	\$ -	\$ -	\$ 18,183	\$ 1,170,690
Interfunds Receivable	329,778				329,778
Receivables from Other Governments	335,421	281,246	309,420		926,087
Other	4,207	-	68,040		72,247
Restricted Cash and Cash Equivalents	<u>2,940,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,940,285</u>
Total Assets	<u>\$ 4,762,198</u>	<u>\$ 281,246</u>	<u>\$ 377,460</u>	<u>\$ 18,183</u>	<u>\$ 5,439,087</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 76,681	\$ 1,412	\$ -	\$ -	\$ 78,093
Interfunds Payable	208	170,298	159,480		329,986
Payable to State Government		9,053			9,053
Deferred Revenue	<u>750</u>	<u>100,483</u>	<u>-</u>		<u>101,233</u>
Total Liabilities	<u>77,639</u>	<u>281,246</u>	<u>159,480</u>		<u>518,365</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	2,210,532				2,210,532
Maintenance Reserve Account	729,753				729,753
Excess Surplus-Current Year	474,706				474,706
Excess Surplus – Prior Year Designated for Subsequent Year's Expenditures	534,542				534,542
Capital Projects Fund			217,980		217,980
Debt Service Fund				18,183	18,183
Assigned to:					
Year End Encumbrances	191,346				191,346
Unassigned:					
General Fund	<u>543,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>543,680</u>
Total Fund Balances	<u>4,684,559</u>	<u>-</u>	<u>217,980</u>	<u>18,183</u>	<u>4,920,722</u>
Total Liabilities and Fund Balances	<u>\$ 4,762,198</u>	<u>\$ 281,246</u>	<u>\$ 377,460</u>	<u>\$ 18,183</u>	

Amounts reported for *Governmental Activities* in the Statement of
Net Position (A-1) are different because:

The District has financed capital assets through the issuance of serial bonds. The
adjustment to net position for the accrual of interest expense is: (201,713)

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds. The cost of the assets is \$46,282,581 and
the accumulated depreciation is \$5,363,729. 40,918,852

Amounts resulting from the refunding of debt are reported as deferred outflows of
resources on the statement of net position and amortized over the life of the debt 1,710,582

Long-term liabilities, including bonds payable, are not due and payable in the
current period and therefore are not reported as liabilities in the funds. (20,305,836)

Net Position of Governmental Activities \$ 27,042,607

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$19,255,764	\$ -	\$ -	\$ 1,325,778	\$ 20,581,542
Tuition Charges	182,115				182,115
Rentals and Royalties	38,953				38,953
Interest Earned on Investments	11,622		-		11,622
Interest Earned on Capital Reserve Funds	3,825				3,825
Miscellaneous	91,350	74,942	-	-	166,292
Total - Local Sources	19,583,629	74,942	-	1,325,778	20,984,349
State Sources	2,951,773	70,054			3,021,827
Federal Sources	-	332,698	-	-	332,698
Total Revenues	<u>22,535,402</u>	<u>477,694</u>	<u>-</u>	<u>1,325,778</u>	<u>24,338,874</u>
EXPENDITURES					
Current:					
Regular Instruction	6,084,394	72,414			6,156,808
Special Education Instruction	1,758,726	192,828			1,951,554
Other Instruction	547,790	63,656			611,446
Support Services and Undistributed Costs:					
Tuition	693,460				693,460
Student and Instruction Related Services	2,115,789	142,842			2,258,631
School Administrative Services	799,853				799,853
General and Business Administrative Services	813,754				813,754
Plant Operations and Maintenance	1,870,389				1,870,389
Pupil Transportation	1,493,827				1,493,827
Allocated Benefits	2,628,086	5,954			2,634,040
Unallocated Benefits	2,406,663				2,406,663
Special Schools	141,030				141,030
Transfer to Charter School	98,108				98,108
Capital Outlay	261,444		722,470		983,914
Capital Outlay-Debt Service Assessment	58,458				58,458
Debt Service:					
Principal				800,000	800,000
Interest and Other Charges	-	-	-	625,413	625,413
Total Expenditures	<u>21,771,771</u>	<u>477,694</u>	<u>722,470</u>	<u>1,425,413</u>	<u>24,397,348</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>763,631</u>	<u>-</u>	<u>(722,470)</u>	<u>(99,635)</u>	<u>(58,474)</u>
OTHER FINANCING SOURCES AND (USES)					
Transfers In	200,000		(200,000)		-
Transfers (Out)	<u>(722,470)</u>		<u>722,470</u>		<u>-</u>
Total Other Financing Sources and (Uses)	<u>(522,470)</u>		<u>522,470</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	241,161	-	(200,000)	(99,635)	(58,474)
Fund Balance—July 1	<u>4,443,398</u>	<u>-</u>	<u>417,980</u>	<u>117,818</u>	<u>4,979,196</u>
Fund Balance—June 30	<u>\$ 4,684,559</u>	<u>\$ -</u>	<u>\$ 217,980</u>	<u>\$ 18,183</u>	<u>\$ 4,920,722</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014**

Total Net Change in Fund Balances - Governmental Funds **\$ (58,474)**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (311,076)	
Capital Outlays	<u>983,914</u>	672,838

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed. (-)

Repayment of Bond and Capital Lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Bonds Payable	800,000	
Capital Leases Payable	<u>135,000</u>	935,000

Governmental Funds report effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Deferred Charge on Refunding	(80,189)	
Amortization of Bond Issuance Costs	(6,208)	
Amortization of Bond Premium	<u>44,511</u>	(41,886)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an addition in the reconciliation. (+)

Interest Paid	625,413	
Interest Accrued	<u>(615,155)</u>	10,258

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition in the reconciliation (+). (41,323)

Change in Net Position of Governmental Activities	<u>\$ 1,476,413</u>
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2014**

**Business-type Activities -
Enterprise Funds
Food
Service**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 78,508
Investments	
Accounts Receivable	
Federal and State Programs	10,057
Interfund Receivable	208
Inventories	<u>9,641</u>
Total Current Assets	<u>98,414</u>

Noncurrent Assets:

Furniture, Machinery and Equipment	125,211
Less Accumulated Depreciation	<u>(79,470)</u>
Total Noncurrent Assets	<u>45,741</u>
Total Assets	<u>144,155</u>

LIABILITIES

Current Liabilities:

Accounts payable	<u>3,642</u>
Total Current Liabilities	<u>3,642</u>
Total Liabilities	<u>3,642</u>

NET POSITION

Net Investment in Capital Assets	45,741
Unrestricted	<u>94,772</u>
Total Net Position	<u><u>\$ 140,513</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014**

	Business-type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 169,248
Daily Sales - Non-Reimbursable Programs	127,183
Special Functions	1,386
Miscellaneous	<u>-</u>
Total Operating Revenues	<u>297,817</u>
 Operating Expenses:	
Cost of Sales	119,123
Salaries	107,864
Employee Benefits	32,330
Purchased Property Service	54,699
Cleaning, Repair and Maintenance Services	9,820
Small Equipment	10,753
Other Purchased Services	6,400
General Supplies	22,627
Depreciation	<u>4,006</u>
Total Operating Expenses	<u>367,622</u>
Operating (Loss)	<u>(69,805)</u>
 Nonoperating Revenues and Expenses:	
State Sources:	
State School Lunch Program	2,982
Federal Sources:	
National School Lunch Program	43,656
Food Distribution Program	14,080
Interest Income	<u>359</u>
Total Nonoperating Revenues and Expenses	<u>61,077</u>
Change in Net Position	<u>(8,728)</u>
Total Net Position—Beginning	<u>149,241</u>
Total Net Position—Ending	<u>\$ 140,513</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - <u>Enterprise Funds</u> <u>Food</u> <u>Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 297,817
Payments to Employees	(107,864)
Payments for Employee Benefits	(32,330)
Payments to Suppliers	<u>(244,311)</u>
Net Cash (Used For) Operating Activities	<u>(86,688)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	3,029
Federal Sources	44,891
Food Distribution Program	<u>14,080</u>
Net Cash Provided By Non-Capital Financing Activities	<u>62,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Change in capital contributions	
Purchases of Capital Assets	<u>(20,180)</u>
Net Cash (used for) Capital and Related Financing Activities	<u>(20,180)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Dividends	<u>359</u>
Net Cash Provided by Investing Activities	<u>359</u>
Net Increase In Cash	(44,509)
Balances—Beginning of Year	<u>123,017</u>
Balances—End of Year	<u>\$ 78,508</u>
Reconciliation of operating (loss) to net cash provided by (used for) operating activities:	
Operating (Loss)	\$ (69,805)
Adjustments to Reconcile Operating (Loss) To Net Cash (Used For) Operating Activities:	
Depreciation and Net Amortization	4,006
Decrease in Interfund Receivable	392
Decrease in Inventories	1,388
(Decrease) in Accounts Payable	<u>(22,669)</u>
Total Adjustments	<u>(16,883)</u>
Net Cash (Used For) Operating Activities	<u>\$ (86,688)</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014**

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 110,234	\$ 130,083
Total Assets	<u>\$ 110,234</u>	<u>\$ 130,083</u>
LIABILITIES		
Payable to Student Groups		\$ 40,237
Payroll Deductions and Withholdings		<u>89,846</u>
Total Liabilities		<u>\$ 130,083</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 110,234</u>	

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014**

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 18,829
Total Contributions	<u>18,829</u>
Investment Earnings:	
Interest	<u>267</u>
Net Investment Earnings	<u>267</u>
Total Additions	<u>19,096</u>
DEDUCTIONS	
Quarterly Contribution Reports	<u>17,475</u>
Total Deductions	<u>17,475</u>
Change in Net Position	<u>1,621</u>
Net Position—Beginning	<u>108,613</u>
Net Position—Ending	<u><u>\$ 110,234</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Chester School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

B. Reporting Entity

The Chester School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. In addition, certain legally separate; tax exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary, junior and senior high schools located in Chester, New Jersey. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements- Government-Wide Statements (Continued)

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution and, excluding equipment, with County Superintendent approval.

Special Revenue Fund – The Special Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non capital financing activities, or investing activities normally would not be reported as components of operating income.

The District's Enterprise Fund are comprised of the Food Service Fund operations.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

In its accounting and financial reporting, the District follows the pronouncements of the GASB.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds.. The nonmajor funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation, and Agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Fiduciary Fund Types (Continued)

Trust Funds: The unemployment compensation fund is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, The State of New Jersey requires school districts to include the unemployment compensation trust as a private-purpose trust fund in the fiduciary fund. The principal and income deposited into this fund are for the sole benefit of specific individuals or former employees. The management of the District is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey. The Unemployment Compensation Fund is recorded as a trust fund because there is no debt issued related to unemployment compensation claims.

Agency Funds (Payroll, Payroll Agency, Student Activity, and Athletic Funds): The agency funds are used to account for the assets that the District holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

In accordance with GASB Statement 34, fiduciary funds are not included in the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Agency Fund is an exception and does not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

Upon the filing of certified adopted budgets by the School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1.

All budget amendments must be approved by School Board resolution. Appropriation of additional fund balance in the amount of \$51,923, were made during the year ended June 30, 2014. Appropriation of prior year encumbrances in the amount of \$239,018 were made during the year ended June 30, 2014. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1. For the year ended June 30, 2014, there were no expenditures that exceeded appropriations in the General Fund.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

The special revenue fund had encumbrances of \$200 at June 30, 2014. This whole balance pertained to local grants. Open encumbrances in the special revenue fund are reflected in the balance sheet as unearned revenues at fiscal year end.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

2. Short – term Interfund Receivables/Payables

Short – term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position and Fund Equity (Continued)

3. Receivables from other Governments

The following is an analysis of receivables from Federal and State Governments (See Schedule of Expenditures of Federal and State Financial Assistance, Schedule A and B for Analysis):

- A. Fund 10-State Aid-\$431,319
- B. Fund 20-Federal Aid \$280,286
- C. Fund 30 -NJ EDA-\$309,420
- D. Fund 60- Child Nutrition-\$10,056

4. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

5. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, parking lots, underground pipe, etc.. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The District has included all infrastructure assets in the current fiscal year

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position and Fund Equity (Continued)

6. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The government only has one item that qualifies for reporting in this category. It is deferred charge on refunding of debt which results from the loss of debt refunding reported in the government-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is amortized over the shorter of the life of the refunded or refunding debt.

7. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note VIII)

8. Unearned Revenue

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note I (F) regarding the special revenue fund.

9. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position and Fund Equity (Continued)

10. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

11. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Net Position/Fund Balance

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

In the Government-Wide Statements, there are three classes of net position:

Net Investment in Capital Assets-Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position- reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position- any portion of net position not already classified as either net investment in capital assets or net position-restricted.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

H. Fund Balance Reserves

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable-includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted- includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

- Reserved Excess Surplus-Designated for Subsequent Year's Expenditures- this restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that was appropriated in the 2014/2015 original budget certified for taxes. The District has \$534,542 restricted for this purpose at June 30, 2014.
- Reserved Excess Surplus- this restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that is required to be appropriated in the 2015/2016 original budget certified for taxes. The District has \$474,706 restricted for current year excess surplus at June 30, 2014.
- Capital Reserve- This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures. The District has \$2,210,532 restricted in the Capital Reserve Account at June 30, 2014.
- Maintenance Reserve- The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.18A:7G-9*) as amended by P.L. 2004, c. 73 (S1701). The District has \$729,753 restricted in the Maintenance Reserve Account at June 30, 2014.
- Capital Projects- Represents Fund Balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund. The Capital Projects Fund has \$217,980 restricted at June 30, 2014.
- Debt Service- Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund. The Debt Service Fund has \$18,183 restricted at June 30, 2014.

Committed- includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

H. Fund Balance Reserves (Continued)

Assigned- includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes.

- Year-End Encumbrances- Represents outstanding purchase orders for goods or service approved by management for specific purposes from available resources of the current year for which the goods and services have not yet been received or rendered at June 30.

Unassigned- includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

I. Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans, an Amendment of GASB 25." This statement will be effective for periods beginning with the year ending June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, "Pension Disclosures." The District is in the process of reviewing its obligations under GASB 67, and its potential impact on the financial statements.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions." This statement will be effective for periods beginning with the year ending June 15, 2014. This Statement replaces the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers", as well as the requirements of Statement No. 50, "Pension Disclosures." This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The District is in the process of reviewing its obligations under GASB 68, and its potential impact on the financial statements.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69, "Government Combinations and Disposals of Government Operations." This statement will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting standards for mergers, acquisitions, and transfers of operations. This Statement applies to all state and local governmental entities. The District does not expect this statement to impact its financial statements.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

I. Recent Accounting Pronouncements (Continued)

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees." This statement will be effective beginning with the fiscal year ending June 15, 2013. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The District does not expect this statement to impact its financial statements.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The objective of this Statement is to address and issue regarding application of the transition provisions of Statement No. 68. The District is in the process of reviewing its obligations under GASB 68 and 71, and its potential impact on the financial statements.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At June 30, 2014, the Chester School District's cash and cash equivalent's amounted to \$4,917,739. Of this amount, \$250,000 was covered by federal depository insurance (F.D.I.C.) and \$4,667,739 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2014 the Chester School District had no participation in the State of New Jersey Cash Management Fund..

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of June 30, 2014, none of the Chester School District's cash and cash equivalents of \$4,917,739 was exposed to custodial credit risk.

The District does not have a policy for the management of custodial credit risk, except as noted above, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Chester School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District did not have any investments at June 30, 2014.

Interest Rate Risk: The District does not have a formal policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District did not have any investments at June 30, 2014.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. The District did not have any investments at June 30, 2014.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

B. Interfund Receivables and Payables

As of June 30, 2014, interfund receivables and payables resulting from various interfund transactions were as follows:

	Due from <u>Other</u> <u>Funds</u>	Due to <u>Other</u> <u>Funds</u>
General Fund	\$ 329,778	\$ 208
Special Revenue Fund		170,298
Capital Projects Fund		159,480
Enterprise Fund	<u>208</u>	<u>0.00</u>
	<u>\$329,986</u>	<u>\$329,986</u>

The General Fund made a cash advance to the Special Revenue Fund and Capital Projects Fund. Accordingly, an interfund accounts receivable and payable for \$329,778 was established between the funds. The District received \$208 for special functions in the General Fund creating an interfund payable and receivable between the General Fund and the Enterprise Fund.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustment</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	<u>36,476,455</u>	<u>897,732</u>	<u>-</u>	<u>37,374,187</u>
Total Capital Assets Not Being Depreciated	<u>36,476,455</u>	<u>897,732</u>	<u>-</u>	<u>37,374,187</u>
Land Improvements	1,003,295	4,087		1,007,382
Buildings and Improvements	6,344,305	15,882	-	6,360,187
Machinery and Equipment	<u>1,513,609</u>	<u>66,213</u>	<u>(38,997)</u>	<u>1,540,825</u>
Totals at Historical Cost	<u>8,861,209</u>	<u>86,182</u>	<u>(38,997)</u>	<u>8,908,394</u>
Less Accumulated Depreciation For:				
Land Improvements	(593,021)	(50,267)		(643,288)
Buildings and Improvements	(3,621,025)	(112,837)	(398)	(3,734,260)
Machinery and Equipment	<u>(877,604)</u>	<u>(147,972)</u>	<u>39,395</u>	<u>(986,181)</u>
Total Accumulated Depreciation	<u>(5,091,650)</u>	<u>(311,076)</u>	<u>38,997</u>	<u>(5,363,729)</u>
Net Capital Assets Being Depreciated	<u>3,769,559</u>	<u>(224,894)</u>	<u>-</u>	<u>3,544,665</u>
Governmental Activities Capital Assets, Net	<u>40,246,014</u>	<u>672,838</u>	<u>-</u>	<u>40,918,852</u>
Business - Type Activities:				
Equipment	105,031	20,180		125,211
Less Accumulated Depreciation	<u>(75,464)</u>	<u>(4,006)</u>	<u>-</u>	<u>(79,470)</u>
Business - Type Activities Capital Assets, Net	<u>\$ 29,567</u>	<u>\$ 16,174</u>	<u>\$ -</u>	<u>\$ 45,741</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 63,960
School Administrative Services	29,697
General and Business Administrative Services	184,537
Plant Operations and Maintenance	4,846
Pupil Transportation	<u>28,036</u>
	<u>311,076</u>

Construction in Progress

The Construction in Progress Category consists of recently completed Additions and Renovations to the Various Schools in the District. The amount will be allocated to the various categories in the next appraisal report effective for the year ended June 30, 2015.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

D. Construction Commitments

The District has the following active construction projects as of June 30, 2014:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Various Additions and Renovations to Bragg Elementary School	\$ 6,983,918	\$ 26,082
Various Additions and Renovations to Dickerson Elementary School	10,607,508	42,492
Various Additions and Renovations to Black River Middle School	5,067,969	22,031
Energy Performance Contract - Bragg School	846,891	11,295
Energy Performance Contract - Dickerson School	137,745	2,191
Energy Performance Contract - Black River Middle School	1,088,416	14,170
Door Replacement Project	84,458	85,642
Paving Project	84,182	818
Fiber Optic Project	98,280	1,720
Roof Replacement Project	167,221	12,527
		<u>\$ 218,968</u>

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note III: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has commitments to lease copiers under operating leases which expire in 2018. Total operating lease payments made during the year ended June 30, 2014 were \$ 76,817. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2015	\$ 76,817
June 30, 2016	76,817
June 30, 2017	76,817
June 30, 2018	6,401
Total future minimum lease	<u>\$ 236,852</u>

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long - Term Debt:					
Unamortized Premium	\$ 748,864.00	\$ -	\$ 44,511	\$ 704,353	\$ -
Serial Bonds	19,655,000	-	800,000	18,855,000	825,000
Total Debt Payable	<u>20,403,864</u>	<u>-</u>	<u>844,511</u> (1)	<u>19,559,353</u>	<u>825,000</u>
Other Liabilities:					
Compensated Absences	565,159	61,813	20,489	606,483	-
Capital Leases	275,000	-	135,000	140,000	70,000
Total Other Liabilities	<u>840,159</u>	<u>61,813</u>	<u>155,489</u> (2)	<u>746,483</u>	<u>70,000</u>
Governmental Activities					
Long - Term Liabilities	<u>\$ 21,244,023</u>	<u>\$ 61,813</u>	<u>\$ 1,000,000</u>	<u>\$ 20,305,836</u>	<u>\$ 895,000</u>

(1) \$800, 000.00 School Bonds Paid by Debt Service Fund.

(2) Paid by General Fund

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note III: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Serial Bonds outstanding as of June 30, 2014 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Refunding Bonds	Various	9/1	9/1/17	\$ 5,195,000	\$ 2,165,000
School Bonds	Various	3/1	3/1/35	17,230,000	205,000
Refunding Bonds	Various	3/1	3/1/35	8,505,000	8,370,000
Refunding Bonds	Various	3/1	3/1/30	8,250,000	8,115,000
					<u>\$18,855,000</u>

Principal and interest due on serial bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 825,000	\$ 594,537	\$1,419,537
2016	855,000	562,962	1,417,962
2017	870,000	532,150	1,402,150
2018	900,000	500,500	1,400,500
2019	675,000	479,000	1,154,000
2020	705,000	458,750	1,163,750
2021	720,000	437,600	1,157,600
2022	745,000	415,750	1,160,750
2023	35,000	393,150	1,128,150
2024	770,000	371,275	1,141,275
2025	785,000	354,230	1,139,230
2026	820,000	336,480	1,156,480
2027	845,000	317,550	1,162,550
2028	885,000	284,350	1,169,350
2029	935,000	249,550	1,184,550
2030	980,000	212,750	1,192,750
2031	1,070,000	174,150	1,244,150
2032	1,115,000	142,050	1,257,050
2033	1,160,000	108,600	1,268,600
2034	1,205,000	73,800	1,278,800
2035	<u>1,255,000</u>	<u>37,650</u>	<u>1,292,650</u>
	<u>\$18,855,000</u>	<u>\$7,036,835</u>	<u>\$25,891,835</u>

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note III: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

2. Bonds Authorized But Not Issued

As of June 30, 2014 the Board had authorized but not issued bonds in the amount of \$988.

3. Capital Leases Payable

The District is leasing technology equipment totaling \$540,000 under capital leases. All capital leases are for terms of five to seven years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2014

<u>Year</u>	<u>Amount</u>
2015	\$ 70,000
2016	<u>70,000</u>
Total Minimum Lease Payments	140,000
Less: Amount Representing Interest	<u>(5,570)</u>
Present Value of Net Minimum Lease Payments	<u>\$134,430</u>

The Assets acquired through various capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and Equipment	\$ 740,008.31
Less: Accumulated Depreciation	<u>404,216.13</u>
Total	<u>\$335,792.18</u>

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note III: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

4. Refunding Bonds Payable

Refunding bonds in the amount of \$5,195,000 were issued on August 1, 2004. The purpose of the Bonds were to (i) advance refund all of the \$4,950,000 aggregate principal amount of School Bonds of the Board dated September 1, 1997 originally issued in the principal amount of \$8,400,000 maturing on or after September 1, 2008 (the “Refunded Bonds”) and callable on or after September 1, 2007 (the “Redemption Date”) at 100% of par (the “Redemption Price”) plus unpaid accrued interest to the Redemption Date and (ii) pay the costs of issuance associated with the Bonds. There is no outstanding principal of the defeased debt at June 30, 2014.

On December 12, 2012, the District issued \$8,505,000 in School District Refunding Bonds having and interest rate of 2.00% to 3.00%. On January 15, 2013, the District issued \$8,250,000 in School District Bonds having an interest rate of 2.00% to 4.00%.

The purpose of the \$8,505,000 Bonds issued was to (i) advance refund a portion of the outstanding callable principal amount of the originally issued \$17,230,000 School Bonds of the Board dated March 1, 2005 and maturing on or after March 1, 2016 through and including March 1, 2020 and the term bond maturing March 1, 2035 (collectively the “Refunding Bonds”) at par plus any plus unpaid accrued interest to March 1, 2015, the Redemption Date; and (ii) pay the costs of issuance associated with the Bonds.

The purpose of the \$8,250,000 Bonds issued was to (i) advance refund a portion of the outstanding callable principal amount of the originally issued \$17,230,000 School Bonds of the Board dated March 1, 2005 and maturing on or after March 1, 2021 through and including March 1, 2030, in the total principal amount of \$7,930,000 (the “Refunded Bonds”) at par on March 1, 2015, (the Redemption Date) plus any unpaid accrued interest to the Redemption Date; and (ii) pay the costs of issuance with respect to the Bonds.

There is no outstanding principal of the defeased debt at June 30, 2014.

Note IV: Detailed Disclosure Regarding Fund Equity

A. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L.2004, C.73 (S1701), the designation for Reserved Fund Balance—Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. The excess fund balance at June 30, 2014 is \$1,009,248. The reserved fund balance of \$534,542 has been appropriated in the fiscal year 2014-2015 and \$474,706 will be appropriated in the fiscal year 2015-2016.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note IV: Detailed Disclosure Regarding Fund Equity (Continued)

B. Capital Reserve Account-Restricted

Capital reserve accounts may be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital outlay expenditures and transfers of such funds for other uses are prohibited pursuant to N.J.S.A. 18A:22-8.2. Funds withdrawn from the account must be included in the annual budget certified for taxes as a revenue labeled "Withdrawal from Capital Reserve".

Increases in the account from sources other than investment income cannot exceed the amount appropriated in the annual budget certified for taxes as an increase in the capital reserve account.

During fiscal year 2001 the Board passed a resolution for the establishment of a capital reserve account. The 2002 certified budget included an increase in the capital reserve account of \$399,009; comprised of a \$399,009 voter approved transfer from unreserved fund balance.

The 2002-2003 certified budget included an increase in the capital reserve account of \$400,000 comprised of \$400,000 voter approved transfer from unreserved fund balance. In 2003-2003 the Board passed a resolution transferring \$432,202 from the capital reserve to the Capital Projects Fund for the local share of EDA projects.

The 2003-2007 certified budget included an increase in the capital reserve account of \$409,000 comprised of \$400,000 voter approved transfer from unreserved fund balance and \$9,000 of investment earnings. In 2003-2004 \$78,375 was transferred in to Capital Reserve. This represented unexpended local share monies from approved EDA projects.

In 2005-2006 the Board passed a resolution transferring \$500,000 from the Capital Reserve to the Capital Projects Fund for the local share of EDA project.

The 2006-2007 certified budget included an increase in the Capital Reserve account of \$259,000 comprised of \$250,000 voter approved transfer from unreserved fund balance and \$9,000 of investment earnings.

The 2007-2008 certified budget included an increase in the Capital Reserve account of \$315,000 comprised of \$300,000 voter approved transfer from unreserved fund balance and \$15,000 of investment earnings.

The 2008-2009 certified budget included an increase in the Capital Reserve account comprised of \$15,000 of investment earnings.

The 2009-2010 certified budget included an increase in the Capital Reserve account comprised of \$20,000 of investment earnings. The 2009-2010 also included a withdrawal from Capital Reserve of \$285,000 from the capital reserve for excess Costs and Other Capital Projects.

The 2010-2011 certified budget included an increase in the capital reserve account of \$20,000 comprised of investment earnings. The 2010-2011 budget also included a withdrawal from Capital Reserve of \$100,000 for excess Costs and Other Capital Projects. Resolutions were also passed to transfer and additional \$179,748 to the Capital Projects Fund for a Roofing Project, and to transfer \$500,000 from unreserved fund balance to capital reserve.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note IV: Detailed Disclosure Regarding Fund Equity (Continued)

B. Capital Reserve Account Restricted (Continued)

The 2011-2012 certified budget included an increase in the capital reserve account of \$10,000 comprised of investment earnings. A resolution was also passed to transfer \$500,000 from unassigned fund balance to capital reserve.

The 2012-2013 certified budget included an increase in the capital reserve account of \$10,000 comprised of investment earnings. A resolution was also passed to transfer \$500,000 from unassigned fund balance to capital reserve.

The 2013-2014 certified budget included an increase in the capital reserve account of \$7,000 comprised of investment earnings. A resolution was also passed to transfer \$600,000 from unassigned fund balance to capital reserve

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013	\$2,009,980
Withdrawal from Capital Reserve	(802,470)
Unexpended Capital Reserve Appropriation	399,197
Interest Earnings	3,825
Transfer from Unassigned Fund Balance	<u>600,000</u>
Ending Balance June 30, 2014	<u>\$ 2,210,532</u>

The June 30, 2014 LRFP balance of local support costs of uncompleted capital projects at June 30, 2014 is \$40,114,000.

C. Maintenance Reserve Account-Restricted

New Jersey Statute 18A:7G-9 permits districts to accumulate funds for the required maintenance of a facility in accordance with the Educational Facilities Construction and Financing Act (EFCFA). The balance may only be increased through an appropriation in the annual general fund budget certified for taxes. Upon completion of a school facilities project, districts are required to submit a plan for the maintenance of that facility. As of June 30, 2014, the District has reserved \$729,753 for maintenance.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note V: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1955, under the provisions of N.J.S.A. 18:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

The Defined Contribution Retirement Program (DCRP) was established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Other Pension Funds

The Supplemental Annuity Collective Trust Fund (SACT), was established by the State and is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note V: Pension Plans (Continued)

Retirement Benefits

For PERS and TPAF employees, who retire at a specified age or after 55 according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service.

Significant Legislation

PERS and TPAF employee contribution rates will increase from 5.5% to 6.5% of salary effective October 2011. The second phase of the contribution rate increase from 6.5% to 7.5% is to be phased in equally over a 7 year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018.

Under a provision of Chapter 78, P.L. 2011, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. There is no reduction to any COLA increases that were already added to retiree benefits prior to the effective date of the law.

Contribution Requirements – Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contribution employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 6.6 percent for TPAF and PERS and 5.5% for DCRP of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2014, for TPAF, annual pension cost differs from the annual required contribution. For PERS, the annual pension cost equals the annual required contribution made. For TPAF employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, member contributions are matched by a 3% employer contribution.

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BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note V: Pension Plans (Continued)

Contributions – Actual

The District's total payroll for the year ended June 30, 2014 was \$11,987,965 and covered payroll was \$8,960,972 for TPAF and \$1,750,864 for PERS. Contributions to the TPAF and the PERS for the year ended June 30, 2014 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

			Percent of Covered		Percent of Covered
		TPAF	Payroll	PERS	Payroll
Employees	6/30/12	538,440	6.50%	108,085	6.32%
	6/30/13	585,191	6.73%	117,191	6.87%
	6/30/14	613,612	6.85%	120,594	6.89%
Board of Education	6/30/12	N/A	N/A	222,460	13.00%
	6/30/13	N/A	N/A	200,376	11.75%
	6/30/14	N/A	N/A	188,455	10.76%
State of New Jersey	6/30/12	888,383	10.72%	N/A	N/A
	6/30/13	1,259,359	14.48%	N/A	N/A
	6/30/14	970,803	10.83%	N/A	N/A

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$661,146 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

Note VI: Post-Retirement Medical Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013 there were 100,134 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The Reporting and Disclosure Requirements Promulgated by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefit Plans Other Than Pension Plans* are not applicable for the District.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note VI: Post-Retirement Medical Benefits (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2014, 2013 and 2012 were \$1,218,315, \$1,227,346, and \$1,024,674, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

The District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf.

Note VII: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium. (the Consortium). The Consortium is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The District pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The Chester School District continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
(CONTINUED)

Note VII: Risk Management (Continued)

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

<u>Fiscal Year</u>	<u>School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014	\$ 0.00	\$18,829	\$17,475	\$110,234
2012-2013	\$ 0.00	18,125	36,445	108,613
2011-2012	0.00	18,683	19,061	126,431

Note VIII: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), “Accounting for Compensated Absences”. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the government-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

Note IX: Contingent Liabilities

The Chester School District is a defendant in a few lawsuits, none of which is unusual for a Board of Education of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

Note X: Subsequent Events

The Chester School District’s management has informed us that there are no significant events that need to be disclosed after the balance sheet date through November 25, 2014.

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**REQUIRED SUPPLEMENTARY INFORMATION -
PART II**

BUDGETARY COMPARISON SCHEDULES

The budgetary comparison schedules consist of the comparison of anticipated revenues and budgeted expenditures to actual results for the general and the special revenue funds.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014**

		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual- Budgetary Basis</u>	<u>Variance Final to Actual</u>
REVENUES:						
Local Sources:						
Local Tax Levy		\$ 19,255,764	\$ -	\$ 19,255,764	\$ 19,255,764	\$ -
Tuition		169,000	-	169,000	182,115	13,115
Rentals and Royalties		28,000	-	28,000	38,953	10,953
Interest Earned on Investments		26,000	-	26,000	11,622	(14,378)
Interest Earned on Capital Reserve Funds		7,000	-	7,000	3,825	(3,175)
Miscellaneous		25,000	-	25,000	91,350	66,350
Total - Local Sources		<u>19,510,764</u>	<u>-</u>	<u>19,510,764</u>	<u>19,583,629</u>	<u>72,865</u>
State Sources:						
Categorical Special Education Aid		839,955	-	839,955	839,955	-
Categorical Security Aid		61,450	-	61,450	61,450	-
Categorical Transportation Aid		105,537	-	105,537	105,537	-
Additional Adjustment Aid		10,550	-	10,550	10,550	-
Non-Public Transportation Aid		-	-	-	20,357	20,357
Extraordinary Aid		80,000	-	80,000	281,975	201,975
TPAF PRM (On-Behalf - Non-Budgeted)		-	-	-	603,022	603,022
TPAF Pension (On-Behalf - Non-Budgeted)		-	-	-	367,781	367,781
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	661,146	661,146
Total State Sources		<u>1,097,492</u>	<u>-</u>	<u>1,097,492</u>	<u>2,951,773</u>	<u>1,854,281</u>
Total Revenues		<u>20,608,256</u>	<u>-</u>	<u>20,608,256</u>	<u>22,535,402</u>	<u>1,927,146</u>
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Preschool/Kindergarten - Salaries of Teachers	110-100-101	\$ 366,064	\$ 4,587	\$ 370,651	\$ 370,651	\$ -
Grades 1-5 - Salaries of Teachers	120-100-101	2,656,153	134,974	2,791,127	2,791,127	-
Grades 6-8 - Salaries of Teachers	130-100-101	2,438,637	38,062	2,476,699	2,457,257	19,442
Regular Programs - Home Instruction:						
Salaries of Teachers	150-100-101	5,000	-	5,000	4,879	121
Purchased Professional-Educational Services	150-100-320	7,000	(261)	6,739	1,680	5,059
Regular Programs - Undistributed Instruction						
Other Purchased Services (400-500 series)	190-100-500	213,000	-	213,000	207,723	5,277
General Supplies	190-100-610	255,554	5,764	261,318	230,995	30,323
Textbooks	190-100-640	39,889	(17,396)	22,493	5,051	17,442
Other Objects	190-100-800	20,019	-	20,019	15,031	4,988
TOTAL REGULAR PROGRAMS - INSTRUCTION		<u>6,001,316</u>	<u>165,730</u>	<u>6,167,046</u>	<u>6,084,394</u>	<u>82,652</u>
SPECIAL EDUCATION - INSTRUCTION						
Multiple Disabilities:						
Salaries of Teachers	212-100-101	114,362	-	114,362	109,871	4,491
Salaries of Teachers	212-100-106	39,738	37,713	77,451	56,354	21,097
General Supplies	212-100-610	3,541	-	3,541	2,290	1,251
Total Multiple Disabilities		<u>157,641</u>	<u>37,713</u>	<u>195,354</u>	<u>168,515</u>	<u>26,839</u>
Resource Room/Resource Center:						
Salaries of Teachers	213-100-101	1,167,889	21,190	1,189,079	1,189,079	-
Other Salaries for Instruction	213-100-106	307,690	(32,818)	274,872	262,381	12,491
General Supplies	213-100-610	7,077	-	7,077	6,658	419
Other Objects	213-100-800	2,000	-	2,000	200	1,800
Total Resource Room/Resource Center		<u>1,484,656</u>	<u>(11,628)</u>	<u>1,473,028</u>	<u>1,458,318</u>	<u>14,710</u>
Preschool Disabilities - Part-Time:						
Salaries of Teachers	215-100-101	51,870	1,657	53,527	53,527	-
Other Salaries for Instruction	215-100-106	46,595	31,608	78,203	78,203	-
General Supplies	215-100-610	163	-	163	163	-
Total Preschool Disabilities - Part-Time		<u>98,628</u>	<u>33,265</u>	<u>131,893</u>	<u>131,893</u>	<u>-</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION		<u>1,740,925</u>	<u>59,350</u>	<u>1,800,275</u>	<u>1,758,726</u>	<u>41,549</u>
Basic Skills/Remedial - Instruction						
Salaries of Teachers	230-100-101	340,279	(53,189)	287,090	282,278	4,812
General Supplies	230-100-610	2,727	-	2,727	2,647	80
Total Basic Skills/Remedial - Instruction		<u>343,006</u>	<u>(53,189)</u>	<u>289,817</u>	<u>284,925</u>	<u>4,892</u>
Bilingual Education - Instruction						
Salaries of Teachers	240-100-101	140,949	-	140,949	131,586	9,363
General Supplies	240-100-610	3,742	-	3,742	3,104	638
Total Bilingual Education - Instruction		<u>144,691</u>	<u>-</u>	<u>144,691</u>	<u>134,690</u>	<u>10,001</u>
School-Spon. Cocurricular Actvts. - Inst.						
Salaries	401-100-100	54,743	4,762	59,505	59,505	-
Supplies and Materials	401-100-600	8,335	(1,151)	7,184	5,673	1,511
Total School-Spon. Cocurricular Actvts. - Inst.		<u>63,078</u>	<u>3,611</u>	<u>66,689</u>	<u>65,178</u>	<u>1,511</u>

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014
(Continued)

		Original Budget	Budget Transfers	Final Budget	Actual- Budgetary Basis	Variance Final to Actual
Other Instructional Programs - Instruction						
Salaries	402-100-100	\$ 46,662	\$ 754	\$ 47,416	\$ 44,638	\$ 2,778
Purchased Services (300-500 series)	402-100-500	6,500	(343)	6,157	6,157	-
Supplies and Materials	402-100-600	10,514	740	11,254	11,254	-
Other Objects	402-100-800	1,000	-	1,000	948	52
Total Other Instructional Programs - Instruction		<u>64,676</u>	<u>1,151</u>	<u>65,827</u>	<u>62,997</u>	<u>2,830</u>
Total Instruction		<u>8,357,692</u>	<u>176,653</u>	<u>8,534,345</u>	<u>8,390,910</u>	<u>143,435</u>
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Charter School	000-100-560	-	-	-	-	-
Tuition to Other LEAs Within the State - Special	000-100-562	153,032	(120,985)	32,047	21,200	10,847
Tuition to CSSD & Regional Day Schools	000-100-565	-	51,985	51,985	42,690	9,295
Tuition to Private Schools for the Disabled - Within State	000-100-566	728,322	(18,246)	710,076	629,570	80,506
Total Undistributed Expenditures - Instruction:		<u>881,354</u>	<u>(67,246)</u>	<u>794,108</u>	<u>693,460</u>	<u>100,648</u>
Undist. Expend. - Health Services						
Salaries	000-213-100	188,292	5,729	194,021	192,469	1,552
Purchased Professional and Technical Services	000-213-300	21,730	(3,128)	18,602	15,277	3,325
Supplies and Materials	000-213-600	9,934	376	10,310	10,309	1
Total Undistributed Expenditures - Health Services		<u>219,956</u>	<u>2,977</u>	<u>222,933</u>	<u>218,055</u>	<u>4,878</u>
Undist. Expend. - Other Supp. Serv. Students - Related Serv.						
Salaries of Other Professional Staff	000-216-100	320,045	-	320,045	270,484	49,561
Purchased Professional - Educational Services	000-216-320	333,120	(72,016)	261,104	232,232	28,872
Supplies and Materials	000-216-600	2,689	-	2,689	2,263	426
Other Objects	000-216-800	-	-	-	-	-
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.		<u>655,854</u>	<u>(72,016)</u>	<u>583,838</u>	<u>504,979</u>	<u>78,859</u>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.						
Purchased Professional - Educational Services	000-217-320	281,700	1,000	282,700	242,571	40,129
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.		<u>281,700</u>	<u>1,000</u>	<u>282,700</u>	<u>242,571</u>	<u>40,129</u>
Undist. Expend. - Other Supp. Serv. Students-Reg.						
Salaries of Other Professional Staff	000-218-104	157,832	(49)	157,783	150,042	7,741
Salaries of Secretarial and Clerical Assistants	000-218-105	65,359	49	65,408	65,408	-
Supplies and Materials	000-218-600	2,729	-	2,729	2,246	483
Total Undist. Expend. - Other Supp. Serv. Students-Reg.		<u>225,920</u>	<u>-</u>	<u>225,920</u>	<u>217,696</u>	<u>8,224</u>
Undist. Expend. - Other Supp. Serv. Students-Special						
Salaries of Other Professional Staff	000-219-104	406,724	(209)	406,515	371,627	34,888
Salaries of Secretarial and Clerical Assistants	000-219-105	49,042	209	49,251	49,251	-
Other Salaries	000-219-110	3,000	-	3,000	591	2,409
Purchased Professional - Educational Services	000-219-320	28,070	-	28,070	6,350	21,720
Supplies and Materials	000-219-600	7,236	2,011	9,247	9,247	-
Other Objects	000-219-800	11,978	(2,011)	9,967	9,191	776
Total Undist. Expend. - Other Supp. Serv. Students-Spl.		<u>506,050</u>	<u>-</u>	<u>506,050</u>	<u>446,257</u>	<u>59,793</u>
Undist. Expend. - Improvement of Inst. Serv.						
Salaries of Supervisor of Instruction	000-221-102	42,840	-	42,840	42,840	-
Salaries of Other Professional Staff	000-221-104	33,000	(18,000)	15,000	5,247	9,753
Salaries of Sec and Clerical Assist.	000-221-105	34,345	94	34,439	34,438	1
Other Salaries	000-221-110	-	18,360	18,360	17,678	682
Salary- Math Coach	000-221-176	60,557	(454)	60,103	59,755	348
Purchased Prof- Educational Services	000-221-320	-	-	-	-	-
Supplies and Materials	000-221-600	2,000	-	2,000	495	1,505
Total Undist. Expend. - Improvement of Inst. Serv.		<u>172,742</u>	<u>-</u>	<u>172,742</u>	<u>160,453</u>	<u>12,289</u>
Undist. Expend. - Edu. Media Serv./Sch. Library						
Salaries	000-222-100	208,922	(30,796)	178,126	126,351	51,775
Tech Coord Salaries	000-222-177	-	30,796	30,796	30,776	20
Other Purchased Services (400-500 series)	000-222-500	118,518	-	118,518	112,148	6,370
Supplies and Materials	000-222-600	21,315	213	21,528	16,714	4,814
Total Undist. Expend. - Edu. Media Serv./Sch. Library		<u>348,755</u>	<u>213</u>	<u>348,968</u>	<u>285,989</u>	<u>62,979</u>
Undist. Expend. - Instructional Staff Training Serv.						
Purchased Professional - Educational Service	000-223-320	42,200	-	42,200	21,350	20,850
Other Purchased Services (400-500 series)	000-223-500	21,400	-	21,400	18,439	2,961
Total Undist. Expend. - Instructional Staff Training Serv.		<u>63,600</u>	<u>-</u>	<u>63,600</u>	<u>39,789</u>	<u>23,811</u>
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	187,751	42	187,793	187,793	-
Legal Services	000-230-331	45,000	-	45,000	30,637	14,363
Auditing Services	000-230-332	17,500	-	17,500	17,100	400
Other Purchased Professional Services	000-230-339	5,500	7,400	12,900	9,800	3,100
Communications/Telephone	000-230-530	69,926	29	69,955	53,952	16,003
Other Purchased Services (400-500 series)	000-230-590	77,293	16,321	93,614	78,281	15,333
Total Undist. Expend. - Supp. Serv. - General Admin.		<u>402,970</u>	<u>23,792</u>	<u>426,762</u>	<u>377,563</u>	<u>49,199</u>
Undist. Expend. - Support Serv. - School Admin.						
Salaries of Principals/Assistant Principals	000-240-103	593,752	-	593,752	593,736	16
Salaries of Other Professional Staff	000-240-104	187,095	31,228	218,323	191,776	26,547
Supplies and Materials	000-240-600	12,209	(326)	11,883	8,011	3,872
Other Objects	000-240-800	5,800	530	6,330	6,330	-
Total Undist. Expend. - Support Serv. - School Admin.		<u>798,856</u>	<u>31,432</u>	<u>830,288</u>	<u>799,853</u>	<u>30,435</u>
Undist. Expend. - Central School Admin.						
Salaries	000-251-100	270,341	1,173	271,514	271,514	-
Other Purchased Services (400-500 series)	000-251-592	29,475	(1,173)	28,302	28,092	210
Total Undist. Expend. - Central School Admin.		<u>299,816</u>	<u>-</u>	<u>299,816</u>	<u>299,606</u>	<u>210</u>
Undist. Expend. - Technology Admin.						
Other Purchased Services (400-500 series)	000-252-500	66,885	-	66,885	66,815	70
General Supplies	000-252-600	65,700	5,000	70,700	69,770	930
		<u>132,585</u>	<u>5,000</u>	<u>137,585</u>	<u>136,585</u>	<u>1,000</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014
(Concluded)**

		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual- Budgetary Basis</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Required Maint. for Sch. Facil.						
Cleaning, Repair and Maintenance Services	000-261-420	\$ 273,578	\$ 15,136	\$ 288,714	\$ 279,343	\$ 9,371
General Supplies	000-261-610	17,300	-	17,300	7,145	10,155
Total Undist. Expend. - Required Maint. for Sch. Facil.		<u>290,878</u>	<u>15,136</u>	<u>306,014</u>	<u>286,488</u>	<u>19,526</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant						
Salaries	000-262-100	704,446	10,686	715,132	712,695	2,437
Salaries of Non-Instructional Aides	000-262-107	30,126	(2,769)	27,357	24,818	2,539
Cleaning, Repair and Maintenance Services	000-262-420	28,325	(2,702)	25,623	22,780	2,843
Rental of Land and Building, Other Than Lease Purchase Agreement	000-262-441	72,590	-	72,590	72,590	-
Insurance	000-262-520	99,700	(3,667)	96,033	94,845	1,188
General Supplies	000-262-610	81,231	17,827	99,058	98,543	515
Energy (Natural Gas)	000-262-621	118,000	(8,445)	109,555	103,167	6,388
Energy (Electricity)	000-262-622	260,480	(2,067)	258,413	252,405	6,008
Other Objects	000-262-800	39,500	-	39,500	36,444	3,056
Total Undist. Expend. - Other Oper. & Maint. Of Plant		<u>1,434,398</u>	<u>8,863</u>	<u>1,443,261</u>	<u>1,418,287</u>	<u>24,974</u>
Undist. Expend. - Care & Upkeep of Grounds						
Cleaning, Repair and Maintenance Services	000-263-420	125,000	40,614	165,614	165,614	-
Total Care and Upkeep of Grounds		<u>125,000</u>	<u>40,614</u>	<u>165,614</u>	<u>165,614</u>	<u>-</u>
Undist. Expend. - Student Transportation Serv.						
Salaries of Non-Instructional Aides	000-270-108	96,814	12,692	109,506	108,781	725
Salaries for Pupil Trans. (Between Home & School) - Regular	000-270-160	81,856	13,615	95,471	95,471	-
Salaries for Pupil Trans. (Between Home & School) - Spec. Ed.	000-270-161	34,006	9,000	43,006	36,562	6,444
Management Fees - ESC & CTSA Transportation Programs	000-270-350	9,000	676	9,676	9,676	-
Cleaning, Repair and Maintenance Services	000-270-420	16,900	(169)	16,731	13,087	3,644
Rental Payments - School Buses	000-270-442	1,800	-	1,800	615	1,185
Contracted Services (Between Home and School) - Vendors	000-270-511	785,120	(924)	784,196	783,856	340
Contracted Services (Other than Between Home and School) - Vendors	000-270-512	13,600	(2,221)	11,379	10,082	1,297
Contracted Services (Special Education Students) - Vendors	000-270-514	200,000	49,356	249,356	249,356	-
Contracted Services (Special Education Students) - Joint Agreements	000-270-515	100,000	14,452	114,452	114,452	-
Contracted Services - Aid in Lieu of Payments-Non Public Schools	000-270-503	63,648	(27,376)	36,272	34,142	2,130
Transportation Supplies	000-270-615	26,600	13,136	39,736	37,747	1,989
Total Undist. Expend. - Student Transportation Serv.		<u>1,429,344</u>	<u>82,237</u>	<u>1,511,581</u>	<u>1,493,827</u>	<u>17,754</u>
ALLOCATED BENEFITS						
Preschool/Kindergarten - Salaries of Teachers	110-100-270	101,958	(3,442)	98,516	83,890	14,626
Grades 1-5 - Salaries of Teachers	120-100-270	720,646	(42,956)	677,690	609,673	68,017
Grades 6-8 - Salaries of Teachers	130-100-270	667,424	(92,989)	574,435	562,678	11,757
Special Education - Multiple Disabilities	212-100-270	43,275	-	43,275	35,849	7,426
Special Education - Resource Room	213-100-270	414,383	(41,319)	373,064	341,418	31,646
Special Education - Preschool Disabilities	215-100-270	27,652	(76)	27,576	21,820	5,756
Basic Skills	230-100-270	95,560	-	95,560	84,812	10,748
Bilingual Education	240-100-270	30,441	-	30,441	27,758	2,683
Health Services	000-213-270	51,473	(2,978)	48,495	45,418	3,077
Other Support Services - Related Services	000-216-270	89,877	-	89,877	77,400	12,477
Other Support Services - Regular	000-218-270	62,678	-	62,678	55,302	7,376
Other Support Services - Special	000-219-270	127,992	-	127,992	112,822	15,170
Improvement of Instructional Services	000-221-270	38,682	-	38,682	34,491	4,191
Media Services	000-222-270	54,083	-	54,083	48,233	5,850
General Administration	000-230-270	50,379	-	50,379	45,333	5,046
School Administration	000-240-270	216,756	(1,019)	215,737	181,097	34,640
Central services	000-251-270	75,919	-	75,919	53,698	22,221
Operation and Maintenance of Plant	000-260-270	188,673	(18,798)	169,875	153,258	16,617
Pupil Transportation	000-270-270	59,726	-	59,726	53,136	6,590
TOTAL ALLOCATED BENEFITS		<u>3,117,577</u>	<u>(203,577)</u>	<u>2,914,000</u>	<u>2,628,086</u>	<u>285,914</u>
UNALLOCATED BENEFITS						
Social Security Contributions	000-291-220	233,400	(10,067)	223,333	223,333	-
Other Retirement Contributions - Regular	000-291-241	215,325	29,621	244,946	197,043	47,903
Workmen's Compensation	000-291-260	110,000	(4,205)	105,795	101,014	4,781
Health Benefits	000-291-270	11,200	-	11,200	7,322	3,878
Tuition Reimbursement	000-291-280	40,000	-	40,000	23,335	16,665
Other Employee Benefits	000-291-290	213,880	8,787	222,667	222,667	-
TOTAL UNALLOCATED BENEFITS		<u>823,805</u>	<u>24,136</u>	<u>847,941</u>	<u>774,714</u>	<u>73,227</u>
TPAF PRM (On-Behalf - Non-Budgeted)					603,022	(603,022)
On-behalf TPAF pension Contributions (non-budgeted)					367,781	(367,781)
Reimbursed TPAF Social Security Contributions (non-budgeted)					661,146	(661,146)
TOTAL ON-BEHALF CONTRIBUTIONS					<u>1,631,949</u>	<u>(1,631,949)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		<u>3,941,382</u>	<u>(179,441)</u>	<u>3,761,941</u>	<u>5,034,749</u>	<u>(1,272,808)</u>
TOTAL UNDISTRIBUTED EXPENDITURES		<u>12,211,160</u>	<u>(127,439)</u>	<u>12,083,721</u>	<u>12,821,821</u>	<u>(738,100)</u>
TOTAL GENERAL CURRENT EXPENSE		<u>20,568,852</u>	<u>49,214</u>	<u>20,618,066</u>	<u>21,212,731</u>	<u>(594,665)</u>
CAPITAL OUTLAY						
Equipment						
Regular Programs - Instruction:						
Grades 6-8	130-100-730	6,500	-	6,500	3,500	3,000
Special Education - Instruction:						
Undist.Expend.-Support Serv.-Students - Reg.	000-210-730	-	4,633	4,633	4,633	-
Undistributed Expenditures - Inst. EQ Sch	000-261-730	-	39,837	39,837	39,837	-
Undistributed Expenditures - Student Transportation:						
School Buses - Regular	000-270-733	-	47,279	47,279	47,279	-
Total Equipment		<u>6,500</u>	<u>91,749</u>	<u>98,249</u>	<u>95,249</u>	<u>3,000</u>
Facilities Acquisition and Construction Services						
Other Purchased Professional and Technical Services	000-400-390	-	-	-	-	-
Construction Services	000-400-450	319,686	30,881	350,567	166,195	184,372
Assessment not Debt Service on SDA Funding	000-400-896	93,452	(30,881)	62,571	58,458	4,113
Total Facilities Acquisition and Construction Services		<u>413,138</u>	<u>-</u>	<u>413,138</u>	<u>224,653</u>	<u>188,485</u>
TOTAL CAPITAL OUTLAY		<u>419,638</u>	<u>91,749</u>	<u>511,387</u>	<u>319,902</u>	<u>191,485</u>

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014
(Concluded)

		Original Budget	Budget Transfers	Final Budget	Actual- Budgetary Basis	Variance Final to Actual
SPECIAL SCHOOLS						
Summer School - Developmental						
Salaries of Teachers	421-100-101	\$ 123,494	\$ -	\$ 123,494	\$ 120,294	\$ 3,200
Purchased Professional and Technical Services	421-100-300	31,300	-	31,300	19,017	12,283
General Supplies	421-100-610	2,000	-	2,000	1,719	281
Total Summer School - Developmental		<u>156,794</u>	<u>-</u>	<u>156,794</u>	<u>141,030</u>	<u>15,764</u>
Total Summer School		<u>156,794</u>	<u>-</u>	<u>156,794</u>	<u>141,030</u>	<u>15,764</u>
TOTAL SPECIAL SCHOOLS		<u>156,794</u>	<u>-</u>	<u>156,794</u>	<u>141,030</u>	<u>15,764</u>
 Transfer of Funds to Charter Schools	000-100-56X	 73,311	 24,797	 98,108	 98,108	 -
TOTAL EXPENDITURES		<u>21,218,595</u>	<u>165,760</u>	<u>21,384,355</u>	<u>21,771,771</u>	<u>(387,416)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures		 (610,339)	 (165,760)	 (776,099)	 763,631	 1,539,730
Other Financing Sources:						
Operating Transfer In:						
Transfer from Capital Projects Fund				200,000	200,000	-
Operating Transfer Out:						
Transfers to Capital Projects Fund		(802,470)	(125,181)	(927,651)	(722,470)	205,181
Total Other Financing Sources		<u>(802,470)</u>	<u>(125,181)</u>	<u>(727,651)</u>	<u>(522,470)</u>	<u>205,181</u>
 Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)		 (1,412,809)	 (290,941)	 (1,503,750)	 241,161	 1,744,911
 Fund Balance, July 1		 <u>4,539,296</u>	 <u>-</u>	 <u>4,539,296</u>	 <u>4,539,296</u>	 <u>-</u>
 Fund Balance, June 30		 <u>\$ 3,126,487</u>	 <u>\$ (290,941)</u>	 <u>\$ 3,035,546</u>	 <u>\$ 4,780,457</u>	 <u>\$ 1,744,911</u>
 Recapitulation of Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses) :						
Increase in Capital Reserve		\$ 7,000	\$ -	\$ 207,000	\$ 403,022	\$ 196,022
Increase in Maintenance Reserve		-	-	-	200,000	200,000
Withdrawal from Capital Reserve		(802,470)	-	(802,470)	(802,470)	-
Adjustment for Prior Year Encumbrances		-	(239,018)	(239,018)	(239,018)	-
Budgeted Fund Balance		<u>(617,339)</u>	<u>(51,923)</u>	<u>(669,262)</u>	<u>679,627</u>	<u>1,348,889</u>
 Total		 <u>\$ (1,412,809)</u>	 <u>\$ (290,941)</u>	 <u>\$ (1,503,750)</u>	 <u>\$ 241,161</u>	 <u>\$ 1,744,911</u>
 Analysis of Fund Balance June 30, 2014:						
Assigned Fund Balance:						
Encumbrances					\$ 191,346	
Restricted Fund Balance:						
Excess Surplus-Current Year					474,706	
Excess Surplus - Designated for Subsequent Year's Expenditures					534,542	
Capital Reserve Account					2,210,532	
Maintenance Reserve Account					729,753	
Unassigned Fund Balance					<u>639,578</u>	
					<u>\$ 4,780,457</u>	
 Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:						
Fund Balance June 30, 2014					\$ 4,780,457	
Last Current Year State Aid Payment Not Realized on GAAP Basis					<u>(95,998)</u>	
					<u>\$ 4,684,559</u>	

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$ 97,000	\$ (17,893)	\$ 79,107	\$ 70,054	\$ (9,053)
Federal Sources	367,000	60,320	427,320	332,698	(94,622)
Local Sources	55,000	15,302	70,302	63,656	(6,646)
Total Revenues	<u>519,000</u>	<u>57,729</u>	<u>576,729</u>	<u>466,408</u>	<u>(110,321)</u>
EXPENDITURES:					
Instruction					
Personal Services - Salaries	20,000	20,636	40,636	40,636	-
Purchased Professional and Technical Services	170,000	(162,000)	8,000	8,000	-
Other Purchased Services (400-500 series)	170,000	(43,058)	126,942	126,942	-
General Supplies	104,000	83,712	187,712	70,520	117,192
Total Instruction	<u>464,000</u>	<u>(100,710)</u>	<u>363,290</u>	<u>265,241</u>	<u>98,049</u>
Support Services					
Personal Services - Employee Benefits		5,954	5,954	5,954	
Purchased Professional and Technical Services		121,964	121,964	120,000	1,964
Purchased Professional - Educational Services		2,213	2,213	2,213	-
Other Purchased Services (400-500 series)		4,000	4,000	2,000	2,000
Supplies & Materials		9,006	9,006	7,343	1,663
Other Objects	55,000	15,302	70,302	63,656	6,646
Total Support Services	<u>55,000</u>	<u>158,439</u>	<u>213,439</u>	<u>201,166</u>	<u>12,273</u>
Total Expenditures	<u>519,000</u>	<u>57,729</u>	<u>576,729</u>	<u>466,407</u>	<u>110,322</u>
Total Outflows	<u>\$ 519,000</u>	<u>\$ 57,729</u>	<u>\$576,729</u>	<u>\$466,407</u>	<u>\$ 110,322</u>

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	General <u>Fund</u>	Special Revenue <u>Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule	\$ 22,535,402	\$ 466,408
Difference - budget to GAAP:		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.	-	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	<u>-</u>	<u>11,286</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 22,535,402</u>	<u>\$ 477,694</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 21,771,771	\$ 466,408
Differences - budget to GAAP		
Encumbrances for supplies and services ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	<u>-</u>	<u>11,286</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 21,771,771</u>	<u>\$ 477,694</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2014**

		<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
REVENUES					
State Sources		\$ 70,054	\$70,054	\$ -	\$ -
Federal Sources		332,698	-	332,698	-
Local Sources		63,656	-	-	63,656
Total Revenues		<u>466,408</u>	<u>70,054</u>	<u>332,698</u>	<u>63,656</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	100-100	40,636	-	40,636	
Purchased Professional and Technical Services	100-300	8,000		8,000	
Other Purchased Services- (400-500 series)	100-500	126,942	26,942	100,000	
General Supplies	100-600	70,521	16,989	53,532	
Textbooks	100-640	19,143	19,143	-	
Total Instruction		<u>265,242</u>	<u>63,074</u>	<u>202,168</u>	
Support Services:					
Personal Services - Employee Benefits	200-200	5,954		5,954	
Purchased Professional and Technical Services	200-300	120,000		120,000	
Purchased Professional - Educational Services	200-320	2,213		2,213	
Supplies and Materials	200-600	7,343	6,980	363	-
Other Objects	200-800	63,656	-	-	63,656
Total Support Services		<u>201,166</u>	<u>6,980</u>	<u>130,530</u>	<u>63,656</u>
Total Expenditures		<u>\$ 466,408</u>	<u>\$ 70,054</u>	<u>\$ 332,698</u>	<u>63,656</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Special Revenue Fund**

**Combining Schedule of State Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2014**

		<u>Total</u>	<u>N.J. Nonpublic Textbook Aid</u>	<u>N.J. Nonpublic Handicapped Services</u>	<u>N.J. Nonpublic Nursing Services</u>	<u>N.J. Nonpublic Technology Initiative</u>
REVENUES						
State Sources		\$ 70,054	\$19,143	\$ 16,989	\$ 26,942	\$ 6,980
Total State Revenues		<u>70,054</u>	<u>19,143</u>	<u>16,989</u>	<u>26,942</u>	<u>6,980</u>
EXPENDITURES:						
Instruction:						
Other Purchased Services	100-500	26,942			26,942	
General Supplies	100-600	16,989	-	16,989	-	-
Textbooks	100-640	19,143	19,143	-	-	-
Total Instruction		<u>63,074</u>	<u>19,143</u>	<u>16,989</u>	<u>26,942</u>	<u>-</u>
Support Services:						
Supplies & Materials	200-600	6,980				6,980
Total Support Services		<u>6,980</u>				<u>6,980</u>
Total Expenditures		<u>\$ 70,054</u>	<u>\$ 19,143</u>	<u>\$ 16,989</u>	<u>\$ 26,942</u>	<u>\$ 6,980</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2014**

			<u>Total</u>	<u>N.C.L.B.</u>			<u>I.D.E.A. Part B</u>	
				<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Basic</u>	<u>Preschool</u>
REVENUES								
Federal Sources			\$332,698	\$27,665	\$20,144	\$13,629	\$257,690	\$13,570
Total Federal Revenues			<u>332,698</u>	<u>27,665</u>	<u>20,144</u>	<u>13,629</u>	<u>257,690</u>	<u>13,570</u>
EXPENDITURES:								
Instruction:								
Personal Services - Salaries	100-100	40,636	23,500	17,136				
Purchased Professional and Technical Services	100-300	8,000			8,000			
Other Purchased Services (400-500 series)	100-500	100,000					100,000	
General Supplies	100-600	53,532	721	498	3,416		35,327	13,570
Total Instruction			<u>202,168</u>	<u>24,221</u>	<u>17,634</u>	<u>11,416</u>	<u>135,327</u>	<u>13,570</u>
Support Services:								
Personal Services - Employee Benefits	200-200	5,954	3,444	2,510				
Purchased Professional and Technical Services	200-300	120,000	-				120,000	
Purchased Professional - Educational Services	200-320	2,213				2,213		
Other Purchased Services (400-500 series)	200-500	2,000					2,000	
Supplies and Materials	200-600	363	-	-	-		363	
Total Support Services			<u>130,530</u>	<u>3,444</u>	<u>2,510</u>	<u>2,213</u>	<u>122,363</u>	
Total Expenditures			<u>\$332,698</u>	<u>\$ 27,665</u>	<u>\$20,144</u>	<u>\$ 13,629</u>	<u>\$ 257,690</u>	<u>\$ 13,570</u>

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2014

		<u>Total</u>	<u>Various Local</u>
REVENUES			
Local Sources		\$ 63,656	\$ 63,656
Total Local Revenues		<u>\$ 63,656</u>	<u>\$ 63,656</u>
EXPENDITURES:			
Support Services:			
Other Objects	200-800	\$ 63,656	\$ 63,656
Total Support Services		<u>\$ 63,656</u>	<u>\$ 63,656</u>
Total Expenditures		<u>\$ 63,656</u>	<u>\$ 63,656</u>

CAPITAL PROJECTS FUND

Capital projects funds are used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Year Ended June 30, 2014

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Cancelled	Unexpended Appropriations June 30, 2014
			Prior Years	Current Year		
Various Additions and Renovations to Bragg Elementary School	6/15/2005	\$ 7,010,000	\$ 6,983,918	\$ -	\$ -	\$ 26,082
Various Additions and Renovations to Dickerson Elementary School	6/15/2005	10,650,000	10,607,508	-	-	42,492
Various Additions and Renovations to Black River Middle School	6/15/2005	5,090,000	5,067,969	-	-	22,031
Energy Performance Contract - Bragg School	5/8/2006	858,186	846,891	-	-	11,295
Energy Performance Contract - Dickerson School	5/8/2006	139,936	137,745	-	-	2,191
Energy Performance Contract - Black River Middle School	5/8/2006	1,102,586	1,088,416	-	-	14,170
Door Replacement Project	1/26/2009	170,100	84,458	-	-	85,642
Paving Project	7/1/2009	85,000	84,182	-	-	818
Solar Panel Project	7/1/2009	200,000	-	-	200,000	-
Fiber Optic Project	7/1/2010	100,000	98,280	-	-	1,720
Roof Replacement Project	4/11/2011	179,748	167,221	-	-	12,527
Various Improvements 2013-2014	7/1/2013	722,470	-	722,470	-	-
Totals		\$ 26,308,026	\$ 25,166,588	\$ 722,470	\$ 200,000	\$ 218,967
			Fund Balance			217,980
			Authorized but not Issued			988
						<u>\$ 218,968</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2014**

REVENUES AND OTHER FINANCING SOURCES

Transfer from Capital Reserve	<u>\$ 722,470.00</u>
Total Revenues	<u>722,470.00</u>

EXPENDITURES AND OTHER FINANCING USES

Other Purchased Professional and Technical Services (390)	46,739.00
Construction Services (450)	675,731.00
Returned to Capital Reserve	<u>200,000.00</u>
Total Expenditures	<u>922,470.00</u>

Excess (deficiency) of revenues over (under) expenditures	(200,000)
Fund Balance - July 1	<u>417,980</u>
Fund Balance - June 30	<u>\$ 217,980</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Various Additions and Renovations to Bragg Elementary School
From Inception and for the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 1,664,887	\$ 1,664,887	\$ 1,664,887
Bond Proceeds	<u>5,345,000</u>	<u>5,345,000</u>	<u>5,345,000</u>
Total Revenues	<u>7,009,887</u>	<u>7,009,887</u>	<u>7,009,887</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	722,231	722,231	736,050
Construction Services (450)	5,931,425	5,931,425	5,923,450
Other Objects (800)	<u>330,262</u>	<u>330,262</u>	<u>350,500</u>
Total Expenditures	<u>6,983,918</u>	<u>6,983,918</u>	<u>7,010,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 25,969</u>	<u>\$ 25,969</u>	<u>\$ (113)</u>

ADDITIONAL PROJECT INFORMATION

Project Number	0820-030-04-0ABA
Grant Date	6/15/05
Bond Authorization Date	12/14/04
Bonds Authorized	\$ 5,345,113
Bonds Issued	\$ 5,345,000
Original Authorized Cost	\$ 7,010,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 7,010,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completed	99.63%
Original Target Completion Date	9/1/07
Revised Target Completion Date	9/1/12

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Various Additions and Renovations to Dickerson Elementary School
From Inception and for the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 2,522,133	\$ 2,522,133	\$ 2,522,133
Bond Proceeds	<u>8,127,000</u>	<u>8,127,000</u>	<u>8,127,000</u>
Total Revenues	<u>10,649,133</u>	<u>10,649,133</u>	<u>10,649,133</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	1,107,379	1,107,379	1,118,250
Construction Services (450)	8,998,863	8,998,863	8,999,250
Other Objects (800)	<u>501,266</u>	<u>501,266</u>	<u>532,500</u>
Total Expenditures	<u>10,607,508</u>	<u>10,607,508</u>	<u>10,650,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 41,625</u>	<u>\$ 41,625</u>	<u>\$ (867)</u>
ADDITIONAL PROJECT INFORMATION			
Project Number	0820-040-04-OACI		
Grant Date	6/15/05		
Bond Authorization Date	12/14/04		
Bonds Authorized	\$ 8,127,867		
Bonds Issued	\$ 8,127,000		
Original Authorized Cost	\$ 10,650,000		
Additional Authorized Cost	\$ -		
Revised Authorized Cost	\$ 10,650,000		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	99.60%		
Original Target Completion Date	9/1/07		
Revised Target Completion Date	9/1/12		

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Various Additions and Renovations to Black River Middle School
From Inception and for the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 1,331,992	\$ 1,331,992	\$ 1,331,992
Bond Proceeds	<u>3,758,000</u>	<u>3,758,000</u>	<u>3,758,000</u>
Total Revenues	<u>5,089,992</u>	<u>5,089,992</u>	<u>5,089,992</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	526,778	526,778	534,450
Construction Services (450)	4,301,430	4,301,430	4,301,050
Other Objects (800)	<u>239,761</u>	<u>239,761</u>	<u>254,500</u>
Total Expenditures	<u>5,067,969</u>	<u>5,067,969</u>	<u>5,090,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 22,023</u>	<u>\$ 22,023</u>	<u>\$ (8)</u>

ADDITIONAL PROJECT INFORMATION

Project Number	0820-020-04-OACH
Grant Date	6/15/05
Bond Authorization Date	12/14/04
Bonds Authorized	\$ 3,758,008
Bonds Issued	\$ 3,758,000
Original Authorized Cost	\$ 5,090,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 5,090,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completed	99.57%
Original Target Completion Date	9/1/07
Revised Target Completion Date	9/1/12

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Energy Performance Contract - Bragg School
From Inception and for the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 652,536	\$652,536	\$ 652,536
Transfer from Capital Reserve	<u>205,650</u>	<u>205,650</u>	<u>205,650</u>
Total Revenues	<u>858,186</u>	<u>858,186</u>	<u>858,186</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	10,598	10,598	12,000
Construction Services (450)	825,745	825,745	830,000
Other Objects (800)	<u>10,548</u>	<u>10,548</u>	<u>16,186</u>
Total Expenditures	<u>846,891</u>	<u>846,891</u>	<u>858,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 11,295</u>	<u>\$ 11,295</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION			
Project Number	0820-030-05-OAZM		
Grant Date	5/8/06		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$ 858,186		
Additional Authorized Cost	\$ -		
Revised Authorized Cost	\$ 858,186		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	98.68%		
Original Target Completion Date	9/1/07		
Revised Target Completion Date	9/1/12		

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Energy Performance Contract - Dickerson School
From Inception and for the Year Ended June 30, 2014**

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 106,786	\$ 106,786	\$ 106,786
Transfer from Capital Reserve	<u>33,150</u>	<u>33,150</u>	<u>33,150</u>
Total Revenues	<u>139,936</u>	<u>139,936</u>	<u>139,936</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	1,708	1,708	3,494
Construction Services (450)	134,336	134,336	134,446
Other Objects (800)	<u>1,701</u>	<u>1,701</u>	<u>1,996</u>
Total Expenditures	<u>137,745</u>	<u>137,745</u>	<u>139,936</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,191</u>	<u>\$ 2,191</u>	<u>\$ -</u>

ADDITIONAL PROJECT INFORMATION

Project Number	0820-040-05-OAZN
Grant Date	5/8/06
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 139,936
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 139,936
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completed	98.43%
Original Target Completion Date	9/1/07
Revised Target Completion Date	9/1/12

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Energy Performance Contract - Black River Middle School
From Inception and for the Year Ended June 30, 2014**

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 841,386	\$ 841,386	\$ 841,386
Transfer from Capital Reserve	<u>261,200</u>	<u>261,200</u>	<u>261,200</u>
Total Revenues	<u>1,102,586</u>	<u>1,102,586</u>	<u>1,102,586</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	13,462	13,462	20,259
Construction Services (450)	1,061,558	1,061,558	1,067,198
Other Objects (800)	<u>13,396</u>	<u>13,396</u>	<u>15,129</u>
Total Expenditures	<u>1,088,416</u>	<u>1,088,416</u>	<u>1,102,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 14,170</u>	<u>\$ 14,170</u>	<u>\$ (0)</u>

ADDITIONAL PROJECT INFORMATION

Project Number	0820-020-05-OAZL
Grant Date	5/8/06
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,102,586
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,102,586
	-
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completed	98.71%
Original Target Completion Date	9/1/07
Revised Target Completion Date	9/1/12

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Door Replacement Project
From Inception and for the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
State Sources - SCC Grant	\$ 68,040	\$ 68,040	\$ 68,040
Transfer from Capital Reserve	<u>102,060</u>	<u>102,060</u>	<u>102,060</u>
Total Revenues	<u>170,100</u>	<u>170,100</u>	<u>170,100</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)		-	
Construction Services (450)	84,458	84,458	170,100
Other Objects (800)	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>84,458</u>	<u>84,458</u>	<u>170,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 85,642</u>	<u>\$ 85,642</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION			
Project Number			
Grant Date	1/26/09		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$ 170,100		
Additional Authorized Cost	\$ -		
Revised Authorized Cost	\$ 170,100		
	-		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	49.65%		
Original Target Completion Date	9/1/09		
Revised Target Completion Date	9/1/12		

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Paving Project
From Inception and for the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
Transfer from Capital Reserve	\$ 85,000	\$ 85,000	\$ 85,000
Total Revenues	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>
EXPENDITURES AND OTHER FINANCING USES			
Construction Services (450)	84,182	84,182	85,000
Other Objects (800)	-	-	-
Total Expenditures	<u>84,182</u>	<u>84,182</u>	<u>85,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 818</u>	<u>\$ 818</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$ 85,000		
Additional Authorized Cost	\$ -		
Revised Authorized Cost	\$ 85,000		
	-		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	99.04%		
Original Target Completion Date	9/1/10		
Revised Target Completion Date	9/1/12		

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Solar Panel Project
From Inception and for the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$200,000</u>	<u>\$ 200,000</u>
Total Revenues	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services (390)			-	15,000
Construction Services (450)			-	185,000
Returned to Capital Outlay	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 200,000</u>	<u>\$(200,000)</u>	<u>\$ -</u>	<u>\$ -</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Roof Replacement Project
From Inception and for the Year Ended June 30, 2014**

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
Transfer from Capital Reserve	\$ 179,748	\$ 179,748	\$ 179,748
Total Revenues	<u>179,748</u>	<u>179,748</u>	<u>179,748</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)		-	10,000
Construction Services (450)	167,221	167,221	169,748
Other Objects (800)	-	-	-
Total Expenditures	<u>167,221</u>	<u>167,221</u>	<u>179,748</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,527</u>	<u>\$ 12,527</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$ 179,748		
Additional Authorized Cost	\$ -		
Revised Authorized Cost	\$ 179,748		
	-		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	93.03%		
Original Target Completion Date	9/1/11		
Revised Target Completion Date	9/1/12		

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Various Improvements 2013-2014
From Inception and for the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ -	\$ 722,470	\$ 722,470	\$ 722,470
Total Revenues	<u>-</u>	<u>722,470</u>	<u>722,470</u>	<u>722,470</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services (390)		46,739	46,739	46,739
Construction Services (450)		<u>675,731</u>	<u>675,731</u>	<u>675,731</u>
Total Expenditures	<u>-</u>	<u>722,470</u>	<u>722,470</u>	<u>722,470</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 723,273			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 723,273			
	-			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completed	100.00%			
Original Target Completion Date	6/30/14			
Revised Target Completion Date	6/30/14			

FIDUCIARY FUND

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Agency Funds-This agency fund are used to account for the payroll transactions of the school district and student activity funds.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2014**

<u>Schools</u>	<u>Balance June 30, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2014</u>
Elementary Schools:				
Bragg School	\$ 8,589	\$ 17,682	\$ 15,364	\$ 10,907
Dickerson School	7,768	12,051	10,549	9,270
Middle School:				
Activity	35,210	102,280	117,430	20,060
Athletic	<u>-</u>	<u>7,158</u>	<u>7,158</u>	<u>-</u>
	<u>\$ 51,567</u>	<u>\$ 139,171</u>	<u>\$ 150,501</u>	<u>\$ 40,237</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2014**

	<u>Balance June 30, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2014</u>
Payroll Deductions and Withholdings	\$ 806	\$ 5,398,929	\$ 5,317,573	\$ 82,162
Flexible Spending Account	5,464	12,709	12,360	5,813
Net Salaries and Wages	<u>(160)</u>	<u>7,675,528</u>	<u>7,673,497</u>	<u>1,871</u>
	<u>\$ 6,110</u>	<u>\$ 13,087,166</u>	<u>\$ 13,003,430</u>	<u>\$ 89,846</u>

LONG – TERM DEBT

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Long - Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2014**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities of Bonds Outstanding June 30, 2014</u>				<u>Interest Rate</u>	<u>Balance June 30, 2013</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Refunded Current Year</u>	<u>Balance June 30, 2014</u>
			<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>						
Refunding Bonds	8/1/2004	\$ 5,195,000	9/1/14	530,000	4.00%	\$ 2,690,000	\$ -	\$ 525,000	\$ -	-	-	\$ 2,165,000
			9/1/15	540,000	3.88%							
			9/1/16	545,000	4.00%							
			9/1/17	550,000	4.00%							
School Bonds	3/1/2005	17,230,000	3/1/2015	205,000	4.25%	395,000		190,000			-	205,000
Refunding Bonds	12/12/2012	8,505,000.00	Serial Bonds:									
			3/1/15	50,000	2.00%	8,420,000.00		50,000				8,370,000
			3/1/16	275,000	3.00%							
			3/1/17	285,000	3.00%							
			3/1/18	310,000	3.00%							
			3/1/19	635,000	3.00%							
			3/1/20	660,000	3.00%							
			Term Bond due 2022:									
			3/1/21	25,000	4.00%							
			3/1/22	25,000	4.00%							
			Term Bond due 2030:									
			3/1/23	35,000	2.50%							
			3/1/24	35,000	2.50%							
			3/1/25	35,000	2.50%							
			3/1/26	35,000	2.50%							
			3/1/27	40,000	2.50%							
			3/1/28	40,000	2.50%							
			3/1/29	40,000	2.50%							
			3/1/30	40,000	2.50%							

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Long - Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2014
(Concluded)**

Annual Maturities of Bonds Outstanding June 30, 2014											
Purpose	Date of Issue	Amount of Issue	Date	Amount	Interest Rate	Balance June 30, 2013	Issued Current Year	Retired Current Year	Refunded Current Year	Balance June 30, 2014	
Refunding Bonds	12/12/2012	\$ 8,505,000.00	Serial Bonds:								
			3/1/31	1,070,000	3.00%	\$ -	\$ -	\$ -	\$ -	-	
			3/1/32	1,115,000	3.00%						
			3/1/33	1,160,000	3.00%						
			3/1/34	1,205,000	3.00%						
			3/1/35	1,255,000	3.00%						
Refunding Bonds	1/15/2013	8,250,000.00	3/1/15	40,000	2.00%	8,150,000.00		35,000			8,115,000
			3/1/16	40,000	3.00%						
			3/1/17	40,000	3.00%						
			3/1/18	40,000	3.00%						
			3/1/19	40,000	3.00%						
			3/1/20	45,000	3.00%						
			3/1/21	695,000	3.00%						
			3/1/22	720,000	3.00%						
			3/1/23	700,000	3.00%						
			3/1/24	735,000	2.20%						
			3/1/25	750,000	2.25%						
			3/1/26	785,000	2.30%						
			3/1/27	805,000	4.00%						
			3/1/28	845,000	4.00%						
			3/1/29	895,000	4.00%						
				3/1/30	940,000	4.00%					
						\$ 19,655,000	\$ -	\$ 800,000	\$ -	\$ 18,855,000	

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Long - Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2014

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2013</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2014</u>
Technology Equipment	2.750%	\$ 65,000	\$ -	\$ 65,000	\$ -
Technology Equipment	2.750%	<u>210,000</u>	<u>-</u>	<u>70,000</u>	<u>140,000</u>
		<u>\$ 275,000</u>	<u>\$ -</u>	<u>\$ 135,000</u>	<u>\$ 140,000</u>

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,425,413	\$ -	\$ 1,425,413	\$ 1,325,778	\$ (99,635)
Total Revenues	<u>1,425,413</u>	<u>-</u>	<u>1,425,413</u>	<u>1,325,778</u>	<u>(99,635)</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds and Notes	625,413	-	625,413	625,413	-
Redemption of Principal	<u>800,000</u>		<u>800,000</u>	<u>800,000</u>	<u>-</u>
Total Regular Debt Service	<u>1,425,413</u>	<u>-</u>	<u>1,425,413</u>	<u>1,425,413</u>	<u>-</u>
Total Expenditures	<u>1,425,413</u>	<u>-</u>	<u>1,425,413</u>	<u>1,425,413</u>	<u>-</u>
Excess of Revenues Over Expenditures	-		-	(99,635)	(99,635)
Excess of Revenues and Other Financing Sources Over Expenditures	-		-	(99,635)	(99,635)
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,818</u>	<u>117,818</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,183</u>	<u>\$ 18,183</u>
Recapitulation of (Deficiency) of Revenues and Other Financing Sources (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (99,635)</u>	<u>\$ (99,635)</u>

STATISTICAL SECTION (Unaudited)

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Fiber Optic Project
From Inception and for the Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
Transfer from Capital Reserve	\$ 100,000	\$ 100,000	\$ 100,000
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
EXPENDITURES AND OTHER FINANCING USES			
Other Purchased Professional and Technical Services (390)	500	500	2,220
Construction Services (450)	97,780	97,780	97,780
Other Objects (800)	-	-	-
Total Expenditures	<u>98,280</u>	<u>98,280</u>	<u>100,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,720</u>	<u>\$ 1,720</u>	<u>\$ -</u>
ADDITIONAL PROJECT INFORMATION			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$ 100,000		
Additional Authorized Cost	\$ -		
Revised Authorized Cost	\$ 100,000		
	-		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completed	98.28%		
Original Target Completion Date	9/1/11		
Revised Target Completion Date	9/1/12		

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities										
Net Investment in Capital Assets										
Restricted	\$ 22,930,081	\$ 21,364,128	\$ 20,344,483	\$ 19,343,840	\$ 18,495,876	\$ 17,345,927	\$ 16,006,657	\$ 7,656,616	\$ (7,883,005)	\$ (9,544,835)
Unrestricted	4,377,042	4,466,429	3,863,164	2,438,890	1,933,652	2,573,150	2,834,965	9,971,472	24,415,156	23,493,230
	(264,516)	(264,363)	(328,970)	(204,891)	(500,078)	(493,946)	(266,425)	35,910	(292,833)	(521,950)
Total Governmental Activities Net Position	\$ 27,042,607	\$ 25,566,194	\$ 23,878,677	\$ 21,577,839	\$ 19,929,450	\$ 19,425,131	\$ 18,575,197	\$ 17,663,998	\$ 16,239,318	\$ 13,426,445
Business-Type Activities										
Net Investment in Capital Assets										
Unrestricted	\$ 45,741	\$ 29,567	\$ 33,289	\$ 33,893	\$ 38,031	\$ -	\$ -	\$ -	\$ 2,405	\$ 5,549
	94,772	119,674	116,798	109,443	70,927	49,818	5,671	(5,051)	5,992	(7,085)
Total Business-Type Activities Net Position	\$ 140,513	\$ 149,241	\$ 150,087	\$ 143,336	\$ 108,958	\$ 49,818	\$ 5,671	\$ (5,051)	\$ 8,397	\$ (1,536)
Government-Wide										
Net Investment in Capital Assets										
Restricted	\$ 22,975,822	\$ 21,393,695	\$ 20,377,772	\$ 19,377,733	\$ 18,533,907	\$ 17,345,927	\$ 16,006,657	\$ 7,656,616	\$ (7,880,600)	\$ (9,539,286)
Unrestricted	4,377,042	4,466,429	3,863,164	2,438,890	1,933,652	2,573,150	2,834,965	9,971,472	24,415,156	23,493,230
	(169,744)	(144,689)	(212,172)	(95,448)	(429,151)	(444,128)	(260,754)	30,859	(286,841)	(529,035)
Total District Net Position	\$ 27,183,120	\$ 25,715,435	\$ 24,028,764	\$ 21,721,175	\$ 20,038,408	\$ 19,474,949	\$ 18,580,868	\$ 17,658,947	\$ 16,247,715	\$ 13,424,909

Source: Comprehensive Annual Financial Report

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities										
Instruction										
Regular	\$ 8,537,297	\$ 8,680,122	\$ 8,352,131	\$ 8,491,652	\$ 9,199,264	\$ 8,933,928	\$ 9,160,518	\$ 9,015,933	\$ 8,872,392	\$ 7,873,380
Special Education	2,716,955	2,651,607	2,640,462	2,580,749	2,494,809	2,159,785	2,031,051	2,034,703	1,759,510	1,588,215
Other Instruction	834,520	806,297	625,453	641,399	729,034	782,303	676,171	413,669	653,526	780,121
Support Services:										
Tuition	693,460	754,466	618,490	589,971	532,410	802,237	591,267	564,190	434,075	257,578
Student and Instruction Related Services	2,920,482	3,214,270	2,614,079	2,441,415	2,554,221	2,220,146	2,455,519	2,066,429	1,892,328	2,050,789
School Administrative Services	1,189,595	1,164,829	1,126,031	1,154,537	1,112,200	1,096,525	1,098,588	1,066,236	987,474	837,613
General and Business Admin. Services	1,192,768	1,242,245	1,312,986	1,294,430	1,292,089	1,249,974	1,191,434	1,204,802	1,179,877	1,119,458
Plant Operations and Maintenance	2,170,778	2,107,079	1,991,461	2,035,433	2,521,827	2,492,807	2,339,405	2,099,439	1,738,961	1,486,199
Pupil Transportation	1,627,122	1,498,652	1,466,222	1,404,699	1,487,340	1,441,215	1,373,043	1,531,072	1,201,575	1,076,408
Capital Outlay-Debt Service Assessment	58,458	58,458	42,595	73,244	-	-	-	-	-	-
Special Schools	165,877	168,906	150,368	171,127	211,100	169,245	153,935	153,024	163,256	136,024
Charter Schools	98,108	81,699	-	-	-	-	-	31,801	37,477	52,586
Interest on Long-Term Debt	657,041	529,706	864,475	891,533	917,284	1,084,746	963,788	990,954	950,665	599,262
Total Governmental Activities Expenses	22,862,461	22,956,336	21,804,753	21,770,189	23,051,578	22,432,911	22,034,718	21,172,252	19,851,116	17,857,633
Business-Type Activities:										
Food service	367,622	347,864	391,800	368,426	375,012	363,743	352,911	365,694	323,198	313,147
Total Business-Type Activities Expense	367,622	347,864	391,800	368,426	375,012	363,743	352,911	365,694	323,198	313,147
Total Government-Wide Expenses	\$23,230,083	\$23,304,200	\$22,196,553	\$22,138,615	\$23,426,590	\$22,796,654	\$22,387,629	\$21,537,946	\$20,174,314	\$18,170,780
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 182,115	\$ 182,109	\$ 213,034	\$ 129,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	3,973,197	4,165,038	3,997,063	3,759,445	4,205,571	4,570,388	4,454,772	4,334,019	3,709,813	3,240,051
Total Governmental Activities Program Revenues	4,155,312	4,347,147	4,210,097	3,888,895	4,205,571	4,570,388	4,454,772	4,334,019	3,709,813	3,240,051

Source: Comprehensive Annual Financial Report

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 297,817	\$ 284,703	\$ 330,545	\$ 332,641	\$ 343,211	\$ 351,006	\$ 315,423	\$ 310,284	\$ 284,829	\$ 268,031
Operating Grants and Contributions	59,373	60,611	66,302	70,163	65,533	56,885	48,210	41,962	48,302	40,485
Total Business-Type Activities Program Revenues	357,190	345,314	396,847	402,804	408,744	407,891	363,633	352,246	333,131	308,516
Total Government-Wide Program Revenues	<u>\$ 4,512,502</u>	<u>\$ 4,692,461</u>	<u>\$ 4,808,944</u>	<u>\$ 4,291,699</u>	<u>\$ 4,614,315</u>	<u>\$ 4,978,279</u>	<u>\$ 4,818,405</u>	<u>\$ 4,686,265</u>	<u>\$ 4,042,944</u>	<u>\$ 3,548,567</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (18,707,149)	\$ (18,609,189)	\$ (17,594,656)	\$ (17,881,294)	\$ (18,846,007)	\$ (17,862,523)	\$ (17,579,946)	\$ (16,838,233)	\$ (16,141,303)	\$ (14,617,582)
Business-Type Activities	(10,432)	(2,550)	5,047	34,378	33,732	44,148	10,722	(13,448)	9,933	(4,631)
Total Government-Wide Net Expense	<u>\$ (18,717,581)</u>	<u>\$ (18,611,739)</u>	<u>\$ (17,589,609)</u>	<u>\$ (17,846,916)</u>	<u>\$ (18,812,275)</u>	<u>\$ (17,818,375)</u>	<u>\$ (17,569,224)</u>	<u>\$ (16,851,681)</u>	<u>\$ (16,131,370)</u>	<u>\$ (14,622,213)</u>
General Revenues and Other Changes in Net Position										
Taxes:										
Property Taxes, Levied for General Purposes	\$ 19,255,764	\$ 18,951,972	\$ 18,951,972	\$ 18,662,569	\$ 18,319,097	\$ 17,646,634	\$ 17,175,292	\$ 16,543,289	\$ 15,835,388	\$ 14,665,467
Property Taxes, Levied for Debt Service	710,624	1,053,105	679,075	653,742	637,775	617,531	599,188	536,003	633,073	235,938
Federal and State Aid Not Restricted	71,424	61,202	100,018	11,861	73,820	108,586	213,316	174,426	118,167	116,915
Rents and Royalties	38,953	-	-	-	-	-	-	-	-	-
Tuition (Other Than Special Schools)	-	-	-	-	105,546	132,147	86,172	67,084	89,950	57,385
Investment Earnings	15,447	23,522	55,281	33,893	61,874	51,397	339,279	903,288	699,876	237,497
Account Payable Canceled	-	-	-	-	31,759	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
N.J. Economic Development Authority Grants	91,350	206,905	109,148	106,224	120,455	156,162	77,898	38,824	7,014	16,119
Refunding Bond Proceeds	-	-	-	-	-	-	-	-	1,610,708	5,519,012
Total Governmental Activities	<u>20,183,562</u>	<u>20,296,706</u>	<u>19,895,494</u>	<u>19,468,289</u>	<u>19,350,326</u>	<u>18,712,457</u>	<u>18,491,145</u>	<u>18,262,914</u>	<u>18,954,176</u>	<u>20,603,333</u>
Business-Type Activities:										
Investment Earnings	1,704	1,704	1,704	-	-	-	-	-	-	-
Prior Year Adjustments	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	<u>1,704</u>	<u>1,704</u>	<u>1,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Government-Wide General Revenues	<u>\$ 20,185,266</u>	<u>\$ 20,298,410</u>	<u>\$ 19,897,198</u>	<u>\$ 19,468,289</u>	<u>\$ 19,375,734</u>	<u>\$ 18,712,457</u>	<u>\$ 18,491,145</u>	<u>\$ 18,262,914</u>	<u>\$ 18,954,176</u>	<u>\$ 20,603,333</u>
Change in Net Position										
Governmental Activities	\$ 1,476,413	\$ 1,687,517	\$ 2,300,838	\$ 1,586,995	\$ 504,319	\$ 849,934	\$ 911,199	\$ 1,424,681	\$ 2,812,873	\$ 5,985,751
Business-Type Activities	(8,729)	(846)	6,751	34,378	59,140	44,148	10,722	(13,448)	9,933	(4,631)
Total Government-Wide Change in Net Position	<u>\$ 1,467,685</u>	<u>\$ 1,686,671</u>	<u>\$ 2,307,589</u>	<u>\$ 1,621,373</u>	<u>\$ 563,459</u>	<u>\$ 894,082</u>	<u>\$ 921,921</u>	<u>\$ 1,411,233</u>	<u>\$ 2,822,806</u>	<u>\$ 5,981,120</u>

Source: Comprehensive Annual Financial Report

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Fund Balances - Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 1,663,964	\$ 2,333,863	\$ 2,675,550	\$ 2,159,794	\$ 999,760	\$ 1,624,739
Unreserved	3,949,533	3,691,614	3,422,555	1,845,574	422,623	477,912	403,631	691,353	967,186	253,417
Restricted	191,346	239,017								
Assigned	543,680	512,767	514,596	666,480						
Unassigned										
Total General Fund	\$ 4,684,559	\$ 4,443,398	\$ 3,937,151	\$ 2,512,054	\$ 2,086,587	\$ 2,811,775	\$ 3,079,181	\$ 2,851,147	\$ 1,966,946	\$ 1,878,156
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,335,764	\$ 1,088,171
Unreserved, Reported In:										
Special Revenue Fund										
Capital Projects Fund					469,688	239,287	477,981	8,139,430	4,773,836	21,147,147
Debt Service Fund							(2)	(2)	42,816	42,818
Restricted, Reported In:										
Capital Projects Fund	217,980	417,980	440,609	593,316						
Debt Service Fund	18,183	117,818								
Total All Other Governmental Funds	\$ 236,163	\$ 535,798	\$ 440,609	\$ 593,316	\$ 469,688	\$ 239,287	\$ 477,979	\$ 8,139,428	\$ 23,152,416	\$ 22,278,136
Total Fund Balances	\$ 4,920,722	\$ 4,979,196	\$ 4,377,760	\$ 3,105,370	\$ 2,556,275	\$ 3,051,062	\$ 3,557,160	\$ 10,990,575	\$ 25,119,362	\$ 24,156,292

Source: Comprehensive Annual Financial Report

Beginning with Fiscal Year 2011, The District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Changes in Fund Balances - Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)**

Unaudited

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Tax Levy	\$ 20,581,542	\$ 20,492,897	\$ 20,495,522	\$ 20,207,844	\$ 19,874,156	\$ 19,348,911	\$ 18,738,267	\$ 18,070,246	\$ 17,419,126	\$ 15,500,667
Tuition Charges	182,115	182,109	213,034	129,450	105,546	132,147	86,172	67,084	89,950	57,385
Rents and Royalties	38,953	-	-	-	-	-	-	-	-	-
Transportation Fees	-	23,522	55,281	33,893	61,874	51,397	339,279	903,288	659,876	237,497
Interest Earnings	15,447	329,014	157,519	188,972	191,659	258,266	77,898	38,824	7,014	16,119
Miscellaneous	166,292	3,265,796	2,705,323	2,363,774	2,566,594	3,126,933	3,356,368	3,190,923	2,572,642	2,492,294
State Sources	3,021,827	350,515	478,912	433,251	724,309	365,191	347,933	326,568	304,673	265,410
Federal Sources	332,698	-	-	-	-	-	-	-	-	-
Total Revenues	24,338,874	24,643,863	24,105,591	23,357,184	23,524,138	23,282,845	22,945,917	22,596,933	21,053,281	18,569,372
Expenditures										
Instruction										
Regular Instruction	6,156,808	6,173,561	5,945,038	6,233,283	6,965,397	6,920,871	6,580,415	6,526,090	6,714,111	5,712,253
Special Education Instruction	1,951,554	1,855,185	1,957,584	1,959,198	1,951,489	1,669,625	1,505,247	1,433,182	1,347,537	1,229,159
Other Instruction	611,446	558,291	617,897	487,631	549,288	616,093	493,824	386,097	503,171	584,952
Support Services:										
Tuition	693,460	754,466	618,490	589,971	532,410	802,237	591,267	564,190	434,075	257,578
Student and Instruction Related Services	2,258,631	2,488,897	1,997,889	1,920,413	2,023,601	1,857,478	1,904,041	1,591,167	1,523,560	1,603,744
School Administrative Services	799,853	767,100	767,802	797,275	795,130	797,036	765,284	761,233	703,921	672,087
General and Business Administrative Services	813,754	837,211	897,544	912,222	933,686	903,297	915,099	928,898	894,146	859,539
Plant Operations and Maintenance	1,870,389	1,761,785	1,690,179	1,753,749	2,201,579	2,212,760	2,058,688	1,827,342	1,500,970	1,411,125
Pupil Transportation	1,493,827	1,399,596	1,364,453	1,319,740	1,407,374	1,365,334	1,313,042	1,462,456	1,205,938	1,036,617
Employee Benefits	5,040,703	5,393,778	4,821,402	4,489,815	4,797,724	4,282,656	4,695,463	4,489,185	3,838,828	3,431,332
Special Schools	141,030	139,860	126,943	149,292	182,248	147,147	128,188	127,875	121,788	100,669
Charter Schools	98,108	81,699	-	-	-	-	-	31,801	37,477	52,586
Capital Outlay	983,914	641,240	701,835	374,395	356,699	734,830	7,865,801	15,301,427	2,807,718	516,194
Capital Outlay-Debt Service Assessment	56,458	58,458	42,595	73,244	-	-	-	-	-	-
Debt Service:										
Principal	800,000	880,000	670,000	645,000	630,000	610,000	590,000	570,000	560,000	510,000
Interest and Other Charges	625,413	2,444,665	873,550	900,275	925,059	1,092,275	972,975	999,775	1,023,740	301,670
Total Expenditures	24,397,348	26,205,792	23,093,201	22,605,483	24,250,684	24,031,639	30,379,333	37,000,720	23,216,980	18,279,505
Excess (Deficiency) of Revenues over (under) Expenditures	(58,474)	(1,561,939)	1,012,390	751,701	(726,546)	(748,794)	(7,433,415)	(14,403,787)	(2,163,699)	289,867

Source: Comprehensive Annual Financial Report

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

Changes in Fund Balances - Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Other Financing sources (uses)										
N.J. Economic Development Authority Grants	-	-	-	-	-	-	-	-	1,610,708	5,519,012
Payment to Refunded Bond Escrow Account	-	(15,665,000)	-	-	-	-	-	-	-	-
Refunded Bonds Issued	-	16,755,000	-	-	-	-	-	-	-	-
Premium Issued	-	793,375	-	-	-	-	-	-	-	-
Capital Leases (Non-Budgeted)	-	280,000	260,000	-	-	226,664	-	275,000	1,516,061	-
Accounts Payable Canceled	-	-	-	-	31,759	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-	-	-	17,230,000
Transfers In	-	-	-	279,748	85,000	102,060	-	-	1,038,711	195,906
Transfers Out	-	-	-	(279,748)	(85,000)	(102,060)	-	-	(1,038,711)	(195,906)
Total Other Financing Sources (Uses)	-	2,163,375	260,000	-	31,759	226,664	-	275,000	3,126,769	22,749,012
Net Change in Fund Balances	<u>\$ (58,474)</u>	<u>\$ 601,436</u>	<u>\$ 1,272,390</u>	<u>\$ 751,701</u>	<u>\$ (694,787)</u>	<u>\$ (522,130)</u>	<u>\$ (7,433,415)</u>	<u>\$ (14,128,787)</u>	<u>\$ 963,070</u>	<u>\$ 23,038,879</u>
Debt Service as a Percentage of Noncapital Expenditures	6.09%	13.00%	6.89%	6.95%	6.51%	7.31%	6.94%	7.23%	7.76%	4.57%

Source: Comprehensive Annual Financial Report

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited**

<u>Fiscal Year Ending June 30,</u>	<u>Interest</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2005	\$ 41,591	\$ 57,385	\$ -	\$ 16,119	\$ 115,095
2006	121,165	89,950		7,014	218,129
2007	903,288	67,084		38,824	1,009,196
2008	339,279	86,172		77,898	503,349
2009	51,397	132,147		156,162	339,706
2010	61,874	105,546		120,455	287,875
2011	33,893	129,450		188,972	352,315
2012	55,281	213,034		109,148	377,463
2013	23,522	182,109	21,359	166,763	393,753
2014	15,447	182,115		130,303	327,865

Source: District records

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited**

CHESTER BOROUGH:

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2004											
2005	5,229,200	217,617,700	3,612,300	140,571,400		2,010,000	369,040,600	1,747,166	304,200,284	295,408,587	0.801
2006	7,949,000	239,618,900	3,972,800	165,277,300		2,214,500	419,032,500	2,010,392	370,787,766	312,925,143	0.699
2007	7,114,300	241,279,800	3,972,800	192,169,300		2,214,500	446,750,700	2,100,655	421,042,892	387,402,977	0.684
2008	5,466,500	245,143,100	1,354,500	198,742,100	-	2,214,500	452,920,700	2,432,737	448,851,355	445,186,305	0.702
2009	5,466,500	244,889,900	1,354,500	197,828,600	-	2,214,500	451,754,000	2,050,374	455,353,437	467,628,951	0.717
2010	4,875,000	213,961,800	1,224,600	165,600,100	-	1,914,100	387,575,600	1,705,656	453,804,374	471,258,932	0.758
2011	4,445,100	213,716,600	1,220,800	158,600,100	-	1,840,800	379,823,400	8,165	379,831,565	468,704,509	0.916
2012	3,863,100	215,325,700	1,229,400	155,431,300		1,837,700	377,687,200	-	377,687,200	415,040,879	0.964
2013	3,369,700	207,567,300	1,215,900	155,137,100		1,795,300	369,085,300	-	369,085,300	400,613,589	1.359

Source: Municipal Tax Assessor

CHESTER TOWNSHIP:

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2004											
2005	16,402,700	892,335,662	40,966,380	29,388,100	1,930,000	353,400	981,376,242	1,354,657	971,424,626	1,558,530,336	1.290
2006	37,822,300	2,080,826,200	96,103,300	51,080,100	1,230,300	3,493,000	2,270,555,200	2,266,037	982,730,899	1,688,282,341	1.414
2007	33,925,400	2,072,231,633	96,399,200	52,360,000	3,493,000	-	2,268,409,233	2,120,659	2,272,821,237	1,905,993,213	0.654
2008	31,112,000	2,074,551,033	105,368,200	50,305,200	4,704,800	910,000	2,266,951,233	2,060,200	2,260,529,892	2,131,841,434	0.678
2009	28,337,400	2,059,943,433	106,972,300	51,086,800	5,163,700	910,000	2,247,415,933	1,868,749	2,269,011,433	2,230,761,264	0.690
2010	19,506,100	1,676,536,800	91,975,600	49,247,800	3,908,600	835,200	1,842,010,100	2,190,835	2,249,284,682	2,195,682,116	0.719
2011	18,576,400	1,670,362,000	92,916,400	49,731,900	3,908,600	835,200	1,836,330,500	2,179,636	1,844,200,931	2,159,919,381	0.893
2012	16,979,400	1,668,358,200	90,299,700	49,761,800	3,908,600	835,200	1,830,142,900	2,310,658	1,832,453,558	2,063,339,316	0.912
2013	14,619,500	1,664,309,100	89,611,100	48,990,700	2,469,700	835,200	1,820,835,300	442,529	1,821,277,829	1,998,190,741	0.925
										1,914,451,003	0.934

Source: Municipal Tax Assessor

Note: Revaluation of property effective for 2006.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited**

CHESTER BOROUGH:

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	Regional High School	Open Space	County	
2004	0.737	0.064	0.801	0.687	0.457		0.295	2.240
2005	0.582	0.117	0.699	0.668	0.327		0.226	1.920
2006	0.626	0.058	0.684	0.601	0.294		0.231	1.810
2007	0.644	0.058	0.702	0.642	0.276		0.240	1.860
2008	0.655	0.062	0.717	0.661	0.275		0.239	1.892
2009	0.700	0.058	0.758	0.666	0.307	0.020	0.239	1.990
2010	0.847	0.069	0.916	0.806	0.363	0.035	0.241	2.361
2011	0.877	0.070	0.947	0.827	0.348	0.010	0.274	2.406
2012	0.814	0.150	0.964	0.852	0.354	0.010	0.271	2.451
2013	1.294	0.065	1.359	0.893		0.010	0.275	2.537

Source: Municipal Tax Collector

CHESTER TOWNSHIP:

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	Regional High School	Open Space	County	
2004	1.226	0.064	1.290	0.380	0.770		0.480	2.920
2005	1.297	0.117	1.414	0.434	0.784	0.020	0.458	3.110
2006	0.596	0.058	0.654	0.269	0.347	0.020	0.210	1.500
2007	0.620	0.058	0.678	0.313	0.372	0.046	0.181	1.590
2008	0.628	0.062	0.690	0.334	0.388	0.061	0.187	1.660
2009	0.661	0.058	0.719	0.347	0.396	0.020	0.222	1.704
2010	0.824	0.069	0.893	0.448	0.498	0.020	0.264	2.123
2011	0.842	0.070	0.912	0.468	0.514	0.021	0.266	2.181
2012	0.775	0.150	0.925	0.488	0.521	0.020	0.269	2.223
2013	0.869	0.065	0.934	0.501	0.545	0.020	0.266	2.266

Source: Municipal Tax Collector

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited**

CHESTER BOROUGH:

Fiscal Year Ended June 30,	2013			2004		
	Taxable Assessed Value	% of Total District Net Assessed Value	Fiscal Year Ended June 30,	Taxable Assessed Value	% of Total District Net Assessed Value	
Chester Springs LLC	\$ 34,533,100	9.36%	Chester Springs LLC	\$ 34,413,100	11.31%	
Continental Chester LLC	26,000,000	7.04%	NS-MPG Inc.	8,900,000	2.93%	
NS-MPG, Inc.	8,900,000	2.41%	Savro, LLC	8,296,000	2.73%	
Savro/Chester Shopping Mall	8,296,000	2.25%	Group 206 North Assoc.	6,750,000	2.22%	
Williamson Associates	4,413,400	1.20%	Williamson Associates	4,413,400	1.45%	
95 W Main Assoc	3,698,500	1.00%	Chester Franklin Assoc.	2,713,300	0.89%	
Individual Taxpayer	3,354,800	0.91%	Turkey Farm Acquisition	2,587,400	0.85%	
Individual Taxpayer	2,713,300	0.74%	AJ Weite Enterprise	2,424,300	0.80%	
Turkey Farm Acquisition	2,587,400	0.70%	Peapack-Gladstone Bank	2,049,000	0.67%	
Group 206 North Associates	2,434,100	0.66%	SPRINT	2,001,614	0.66%	
Total	\$ 96,930,600	26.26%	Total	\$ 74,548,114	24.51%	

Source: Municipal Tax Assessor

CHESTER TOWNSHIP:

Fiscal Year Ended June 30,	2013			2004		
	Taxable Assessed Value	% of Total District Net Assessed Value	Fiscal Year Ended June 30,	Taxable Assessed Value	% of Total District Net Assessed Value	
Welkind c/o Select Medical Corp	\$ 6,476,600	0.36%	Welkind Rehabilitation Hospital	\$ 6,170,200	0.64%	
Aresty, David R	4,883,200	0.27%	Aresty, David	5,040,000	0.52%	
Giardina, Salvatore and Diane	3,732,500	0.20%	Weisman, Howard	4,324,000	0.45%	
Weisman, Howard/Foss, Pamela	3,485,100	0.19%	Geller, Shari Lynn	4,034,600	0.42%	
Geller, Shari Lynn B	3,124,900	0.17%	Giardina, Salvatore and Diane	3,843,000	0.40%	
Golden, Michael F/Mary	3,008,300	0.17%	Golden, Michael and Mary	3,383,800	0.35%	
Larola, Rajiv	2,732,100	0.15%	Mirchandani, Kishore and Anjali	3,125,500	0.32%	
Katz, Hildegard Gruenbaum Trustee	2,621,700	0.14%	Pen Di Paola LLC	3,125,000	0.32%	
Waldis, Stephen/Anastasia	2,536,100	0.14%	Collins, Charles and Sarah	3,124,400	0.32%	
Roxiticus Ridge LLC	2,533,800	0.14%	Jimenez, Arnaldo and Lucia	3,111,300	0.32%	
Total	\$ 35,134,300	1.93%	Total	\$ 39,281,800	4.04%	

Source: Municipal Tax Assessor

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited**

CHESTER BOROUGH:

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2004	6,796,586	6,684,442	98.34%	6,684,442	98.34%
2005	7,226,301	7,093,494	98.16%	7,093,494	98.16%
2006	7,809,480	7,710,895	98.73%	7,710,895	98.73%
2007	8,384,373	8,204,445	97.85%	8,204,445	97.85%
2008	8,634,695	8,495,623	98.38%	8,495,623	98.38%
2009	9,031,469	8,796,034	97.39%	8,796,034	97.39%
2010	9,211,327	8,979,113	97.47%	8,979,113	97.47%
2011	9,166,463	8,993,137	98.10%	8,993,137	98.10%
2012	9,333,136	9,139,058	97.92%	9,139,058	97.92%
2013			Not Available		

Source: Municipal Tax Collector

CHESTER TOWNSHIP:

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2004	28,250,403	27,880,323	98.69%	27,880,323	98.69%
2005	30,987,760	30,713,202	99.11%	30,713,202	99.11%
2006	34,272,182	33,804,296	98.63%	33,804,296	98.63%
2007	36,250,282	35,640,568	98.31%	35,640,568	98.31%
2008	37,797,154	37,124,759	98.22%	37,124,759	98.22%
2009	38,460,519	37,308,895	97.00%	37,308,895	97.00%
2010	39,207,373	38,485,282	98.15%	38,485,282	98.15%
2011	40,253,568	39,300,927	97.63%	39,300,927	97.63%
2012	40,790,748	39,986,953	98.02%	39,986,953	98.02%
2013	41,380,043	40,669,146	98.28%	40,669,146	98.28%

Source: Municipal Tax Collector

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Total District		
2005	23,720,000	263,186	23,983,186	29.64%	2,567
2006	23,160,000	1,349,473	24,509,473	29.68%	2,634
2007	22,590,000	1,183,553	23,773,553	28.12%	2,564
2008	22,000,000	771,152	22,771,152	25.60%	2,442
2009	21,390,000	559,180	21,949,180	23.85%	2,349
2010	20,760,000	177,247	20,937,247	22.16%	2,205
2011	20,115,000	59,830	20,174,830	20.64%	2,114
2012	19,445,000	130,000	19,575,000	17.55%	2,006
2013	19,655,000	275,000	19,930,000	19.04%	2,071
2014	18,855,000	140,000	18,995,000	17.61%	1,974

Source: District Records

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited**

<u>General Bonded Debt Outstanding</u>				
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2005	23,720,000	23,720,000	1.75%	14,463
2006	23,160,000	23,160,000	0.86%	14,252
2007	22,590,000	22,590,000	0.83%	13,988
2008	22,000,000	22,000,000	0.81%	13,333
2009	21,390,000	21,390,000	0.79%	12,909
2010	20,760,000	20,760,000	0.93%	12,567
2011	20,115,000	20,115,000	0.91%	12,125
2012	19,445,000	19,445,000	0.88%	10,579
2013	19,655,000	19,655,000	0.89%	11,734
2014	18,855,000	18,855,000	0.86%	11,257

Source: District Records

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2014
Unaudited**

Net Direct Debt of School District As of June 30, 2014	\$ 18,855,000
Net Overlapping Debt of School District:	
Borough of Chester (100%)	\$ 4,420,000
Township of Chester (100%)	10,723,159
County of Morris - Borough's share (.45%)	1,107,445
County of Morris - Township's share (2.12%)	<u>5,217,298</u>
	<u>21,467,902</u>
Total Direct and Overlapping Debt As of June 30, 2014	<u>\$ 40,322,902</u>

Source: Borough of Chester's and Township of Chester's Chief Financial Officers and Morris County Treasurer's Office.

Note: The method used to estimate the applicable percentage of overlapping debt was to divide the value of the revenue base within the overlapping geographic area by the total revenue base of the overlapping government, and multiply this ratio by the overlapping government's outstanding debt.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

Combined: Chester Borough
Chester Township

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized valuation basis	
2011	2,419,872,654
2012	2,326,289,667
2013	2,277,217,562
	<u>\$ 7,023,379,883</u>
Average Equalized Valuation of Taxable Property	<u>\$ 2,341,126,628</u>
Debt Limit (3% of Average Equalization Value)	70,233,799
Total Net Debt Applicable to Limit	18,855,000
Legal Debt Margin	<u>\$ 51,378,799</u>

	Fiscal Year				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 89,625,350	\$ 87,903,629	\$ 75,362,179	\$ 72,484,088	\$ 70,233,799
Total Net Debt Applicable to Limit	<u>20,760,000</u>	<u>20,115,000</u>	<u>19,455,000</u>	<u>19,655,000</u>	<u>18,855,000</u>
Legal Debt Margin	<u>\$ 68,865,350</u>	<u>\$ 67,788,629</u>	<u>\$ 55,907,179</u>	<u>\$ 52,829,088</u>	<u>\$ 51,378,799</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	23.16%	22.88%	25.82%	27.12%	26.85%

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$ 54,090,029	\$ 75,164,393	\$ 59,151,330	\$ 91,114,027	\$ 86,418,324
Total Net Debt Applicable to Limit	<u>23,720,000</u>	<u>23,160,000</u>	<u>22,590,000</u>	<u>22,000,000</u>	<u>21,390,000</u>
Legal Debt Margin	<u>\$ 30,370,029</u>	<u>\$ 52,004,393</u>	<u>\$ 36,561,330</u>	<u>\$ 69,114,027</u>	<u>\$ 65,028,324</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	43.85%	30.81%	38.19%	24.15%	24.75%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
Department of Treasury, Division of Taxation

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited**

CHESTER BOROUGH:

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Capita Personal Income</u>	<u>Unemployment Rate</u>	
2005	1,640	80,923,080	49,343	4.10%	
2006	1,625	82,588,418	50,824	4.20%	
2007	1,615	84,542,587	52,348	3.70%	
2008	1,650	88,966,023	53,919	4.90%	
2009	1,657	92,023,758	55,536	5.00%	
2010	1,652	94,498,459	57,202	8.80%	
2011	1,659	97,745,842	58,919	8.50%	
2012	1,838	111,541,027	60,686	8.80%	
2013	1,675	104,698,671	62,507	6.50%	
2014	1,675 Est.	107,839,631	64,382	6.50%	Est.

CHESTER TOWNSHIP:

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	
2005	7,704	494,360,271	64,169	2.30%	
2006	7,680	507,604,814	66,094	2.30%	
2007	7,657	521,267,182	68,077	2.00%	
2008	7,675	538,167,349	70,120	2.70%	
2009	7,686	555,106,824	72,223	2.90%	
2010	7,844	583,513,617	74,390	5.00%	
2011	7,883	604,007,264	76,621	4.80%	
2012	7,921	625,126,448	78,920	5.00%	
2013	7,948	646,075,010	81,288	5.80%	
2014	7,948 Est.	665,457,261	83,726	5.80%	Est.

Sources:

Population information provided by the NJ Dept of Labor and Workforce Development.

Personal income has been estimated based upon the municipal population and per capita personal income presented.

Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

Principal Employers
Current Year and Seven Years Ago
Unaudited

CHESTER BOROUGH AND TOWNSHIP (COMBINED)				2014	2006
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment	
Shop Rite Supermarket	323	7.08%	350	21.88%	
New Jersey Quarter Horse Assn.	300	6.57%	250	15.63%	
Welkind Rehabilitation Cneter	128	2.80%	200	12.50%	
West Morris Central High School	97	2.13%	150	9.38%	
Weichert Realtors	94	2.06%	100	6.25%	
Glenora Nursing Home	83	1.82%	60	3.75%	
United Cerebral Palsy	66	1.45%	60	3.75%	
Chester Volunteer Fire Co.	63	1.38%	75	4.69%	
Coldwell Banker	60	1.31%	60	3.75%	
Peapack-Gladstone Bank	59	1.29%			
Bragg School	58	1.27%			
Brick Tavern Restaurant	55	1.21%			
Alstede Farms	49	1.07%			
D & C Electrical Contractors	48	1.05%			
Dickerson School	43		60	3.75%	
Black River Middle School	40		50	3.13%	
CM Offray & Son, Inc.	40		50	3.13%	
Excellence in Exercise, Inc.	39		60	3.75%	
Harrington Construction	36				
Frank Anthony Hair & Skincare	32	0.88%			
Redwoods Caterers	30	0.88%			
Mazey Reed & Brey Insurance	30	0.85%			
Staples	25	0.79%			
Publick House Restaurant	32	0.70%	40	2.50%	
Pleasant Pools Inc	30	0.66%	35	2.19%	
Suburban Hills School	30	0.66%			
Andrew E. Hall & Son, Inc.	25	0.55%			
	1798	38.45%	1600	78.15%	

Note: Information prior to 2006 is not available, 9 years of comparative data will eventually be presented.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Full-time Equivalent District Employees by Function/Program
Last Seven Fiscal Years
Unaudited**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction							
Regular	100.2	104	101.9	95.5	80.4	95.5	93.9
Special Education	17.2	19.2	20.2	18.5	36.5	21.5	22.0
Other Instruction	8.6	9.3	9.9	9.3	7.0	9.0	8.2
Support Services:							
Student and Instruction Related Services	25	24.9	25.5	19.2	21.1	20.9	21.1
School Administrative Services	10	10.6	10.6	10.6	9.2	11.6	11.6
General and Business Administrative Services	9	9	9.5	7.2	5.1	5.6	5.6
Plant Operations and Maintenance	13.4	16	15.5	14.5	16.3	13.5	13.5
Pupil Transportation	7.6	7.2	6.0	5.7	7.2	8.2	6.8
Total	<u>191</u>	<u>200.2</u>	<u>199.1</u>	<u>180.5</u>	<u>182.8</u>	<u>185.8</u>	<u>182.7</u>

Source: District Personnel Records

Note: Information prior to 2008 is not available, 10 years of data will eventually be presented.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Pupil/Teacher Ratio					Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Elementary	Middle School		
2005	1,355	16,951,641	12,510	-0.26%	128	1:11.2	1:9.8	1,285.0	95.40%
2006	1,399	18,825,521	13,456	7.56%	121	1:11.8	1:9.67	1,311.5	95.32%
2007	1,408	21,029,518	14,936	10.99%	126	1:23	1:24	1,329.3	95.48%
2008	1,431	20,950,557	14,641	-1.98%	129	1:23	1:24	1,393.0	97.41%
2009	1,442	21,594,534	14,975	2.29%	133	1:21	1:21	1,362.8	95.64%
2010	1,378	22,341,532	16,213	8.26%	132	1:19.5	1:20.75	1,327.3	96.26%
2011	1,353	20,612,569	15,235	-6.03%	132	1:22	1:23	1,303.5	96.44%
2012	1,304	20,805,221	15,955	4.73%	129	1:18.2	1:21.7	1,260.5	96.83%
2013	1,241	21,846,174	17,604	10.33%	129	1:19.6	1:19.04	1,196.6	96.82%
2014	1,188	21,929,563	18,459	4.86%	130	1:20	1:18.04	1,148.2	96.52%

Source: District records

Note: Enrollment based on annual October district count.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**School Building Information
Last Seven Fiscal Years
Unaudited**

	2008	2009	2010	2011	2012	2013	2014
<u>District Building</u>							
<u>Elementary</u>							
Bragg (1966)							
Square Feet	58,082	58,082	58,082	58,082	58,082	58,082	58,082
Capacity (students)	396	396	396	396	396	396	396
Enrollment	497	507	467	456	449	436	407
Dickerson (1962)							
Square Feet	59,105	59,105	59,105	59,105	59,105	59,105	59,105
Capacity (students)	415	415	415	415	415	415	415
Enrollment	438	414	413	371	327	330	326
<u>Middle School</u>							
Black River Middle School (1972)							
Square Feet	73,191	73,191	73,191	73,191	73,191	73,191	73,191
Capacity (students)	497	497	497	497	497	497	497
Enrollment	496	504	498	520	528	473	454

Number of Schools at June 30, 2007

Elementary = 2

Middle School = 1

Senior High School = 0

Other = 0

Source: District Facilities Office

Note: Information prior to 2008 is not available, 10 years of data will eventually be presented.

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of alterations and additions. Enrollment is based on the annual October district count.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**GENERAL FUND
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited**

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx**

*School Facilities	Square Footage	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Black River Middle School	73,191	\$ 110,141	\$ 117,513	\$ 106,556	\$ 93,091	\$ 90,176	\$ 96,955	\$ 60,063	\$ 45,849	\$ 37,454	\$ 39,238
Bragg School	58,082	87,404	93,255	84,559	73,874	71,561	76,940	45,762	39,607	23,078	28,892
Dickerson School	59,105	88,943	94,897	86,048	75,175	72,821	78,296	37,182	29,694	37,499	23,547
Grand Total		286,488	305,665	277,163	242,140	234,558	252,191	143,007	115,150	98,031	91,677

*School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Insurance Schedule
As of June 30, 2014
Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
<u>PROPERTY SECTION:</u>		
Blanket building and contents (Ratable limit)	\$ 400,000,000	\$ 5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Papers	10,000,000	5,000
Electronic data processing equipment	850,000	1,000
<u>LIABILITY SECTION:</u>		
Bodily Injury and Property Damage	16,000,000	5,000
Employee benefit liability	16,000,000	1,000
Terrorism	1,000,000	
<u>AUTOMOBILE:</u>		
Bodily Injury and Property Damage	16,000,000	1,000
Uninsured/Underinsured Motorists	1,000,000	1,000
<u>CRIME:</u>		
Faithful Performance Limit	100,000	500
Money and Securities Limit	25,000	500
Money Order and Counterfeit Paper Currency Limit	25,000	500
Forgery	25,000	500
Computer Fraud	100,000	500
<u>SELECTIVE BONDS:</u>		
Business Administrator (7/1/13-7/3/14)	90,000	500
Treasurer (7/1/13-6/30/14)	225,000	1,000

Source: District records.

Single Audit Section



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
"GOVERNMENT AUDITING STANDARDS"

The Honorable President
Members of the Board of Education
Chester School District
County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Chester School District as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Chester School District's basic financial statements as listed in the table of contents and have issued our report thereon dated November 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Chester School District's internal control over financial reporting as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chester School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Chester School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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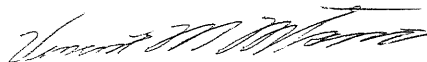
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

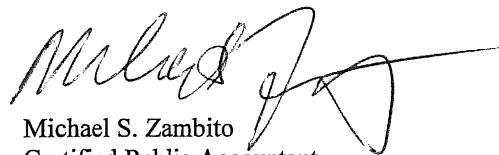
As part of obtaining reasonable assurance about whether the Chester School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Vincent M. Montanino
Registered Municipal Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

November 25, 2014



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY OMB NEW JERSEY OMB CIRCULAR LETTER 04-04

The Honorable President
Members of the Board of Education
Chester School District
County of Morris, New Jersey

Report on Compliance for Each Major State Program

We have audited the Chester School District's compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2014. The Chester School District's major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Chester School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Office of Management and Budget Circular Letter 04-04 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, and New Jersey's OMB's Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Chester School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the Chester School District's compliance.

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Opinion on Each Major State Program

In our opinion, the Board of Education of the Chester School District, in the County of Morris, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of the Chester School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chester School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of the Chester School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Chester School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirements of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

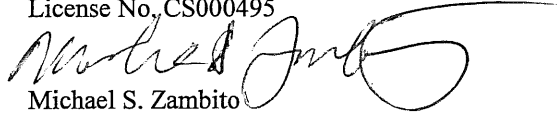
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chester School District, as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 25, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



Vincent M. Montanino
Public School Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

November 25, 2014

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2013	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Repayment of Prior Years' Balances	Balance June 30, 2014	
							Disbursements	Accounts Payable	Encumbrances		Accounts Receivable	Deferred Revenue
U.S. Department of Agriculture Passed - Through State Department of Education:												
Food Distribution Program	10.550	7/1/13-6/30/14	\$ 15,145	\$ 3,989	\$ -	\$ 14,080	\$ 15,145	\$ -	\$ -	\$ -	\$ 2,924	\$ -
National School Lunch Program	10.555	7/1/13-6/30/14	43,655	-	-	34,206	43,655	-	(9,449)	-	-	-
National School Lunch Program	10.555	7/1/12-6/30/13	46,489	(10,684)	-	10,684	-	-	-	-	-	-
Total U.S. Department of Agriculture				(6,695)		58,970	58,800		(9,449)	2,924		
U.S. Department of Education Passed - Through State Department of Education:												
E.S.E.A. Title I	84.010A	7/1/13-6/30/14	27,665			25,315	27,665			(2,350)		
E.S.E.A. Title I, Carryover	84.010A	9/1/12-8/31/13	25,526	(5,191)		5,191						
E.S.E.A. Title II A	84.367A	9/1/13-8/31/14	20,144			18,430	20,144			(1,714)		
E.S.E.A. Title III	84.365A	9/1/13-8/31/14	11,076			8,215	10,991			(2,861)	85	
E.S.E.A. Title III, Carryover	84.365A	9/1/12-8/31/13	8,338	(3,004)		5,642	2,638			-		
I.D.E.A. Part B, Basic	84.027A	7/1/13-6/30/14	332,645		(5,377)	84,352	252,313			(248,293)	74,955	
I.D.E.A. Part B, Basic, Carryover	84.027A	9/1/12-8/31/13	320,621	40		5,337	5,377			-		
I.D.E.A. Part B, Preschool	84.173A	7/1/13-6/30/14	20,308		(314)	7,412	13,118	452		(25,068)	18,596	
I.D.E.A. Part B, Preschool	84.173A	9/1/12-8/31/13	21,259	11,169	(11,169)	-	-	-		-	-	-
Total U.S. Department of Education				3,014	(16,860)	159,894	332,246	452	-	(280,286)	93,636	-
Total Federal Financial Assistance				\$ (3,681)	\$ (16,860)	\$ 218,864	\$ 391,046	\$ 452	\$ -	\$ (289,735)	\$ 96,560	\$ -

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

**BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT**

**Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2014**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2013	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Total	Repayment of Prior Years' Balances	Balance June 30, 2014	
							Disbursements	Accounts Payable	Encumbrances			Accounts Receivable	Deferred Revenue
State Department of Education:													
General Funds:													
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	\$ 105,537	\$ -	\$ -	\$ 95,590	\$ 105,537	\$ -	\$ -	\$ 105,537	\$ -	\$ (9,947)	\$ -
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	100,736	(10,074)	-	10,074	-	-	-	-	-	-	-
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	839,955			760,790	839,955			839,955		(79,165)	
Special Education Categorical Aid	13-495-034-5120-089	7/1/12-6/30/13	854,658	(79,614)		79,614						(5,792)	
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	61,450			55,658	61,450			61,450			
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	62,088	(6,210)		6,210							
Additional Adjustment Aid	14-495-034-5120-085	7/1/13-6/30/14	10,550			9,556	10,550			10,550		(994)	
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	281,975				281,975			281,975		(281,975)	
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	264,846	(264,846)									
Non-Public Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	20,357				20,357			20,357		(20,357)	
Non-Public Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	21,256	(21,256)									
Reimbursed TPAF Social Security Contribution	14-495-034-5095-002	7/1/13-6/30/14	661,146			628,057	661,146			661,146		(33,089)	
Reimbursed TPAF Social Security Contribution	13-495-034-5095-002	7/1/12-6/30/13	643,779	(31,809)		31,809							
On-Behalf TPAF PRM Contributions	14-495-034-5095-006	7/1/13-6/30/14	603,022		-	603,022	603,022			603,022		-	
On-Behalf TPAF Pension Contributions	14-495-034-5095-001	7/1/13-6/30/14	367,781	-	-	367,781	367,781			367,781		-	
Total General Funds				(413,809)	-	2,934,263	2,951,773			2,951,773		(431,319)	
Special Revenue Funds:													
New Jersey Nonpublic Aid:													
Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	19,143			19,143	19,143			19,143		-	
Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	21,295	581							581		
Handicapped Services:													
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	8,599			8,599	7,642			7,642		-	957
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	16,397	10,026							10,026		
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	13,280			13,280	7,265			7,265		-	6,015
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	14,843	8,828							8,828		
Supplementary Instruction	14-100-034-5120-066	7/1/13-6/30/14	4,163			4,163	2,082			2,082		-	2,081
Supplementary Instruction	13-100-034-5120-066	7/1/12-6/30/13	8,326	3,816							3,816		
Nursing Services	14-100-034-5120-070	7/1/13-6/30/14	26,942			26,942	26,942			26,942		-	
Nursing Services	13-100-034-5120-070	7/1/12-6/30/13	29,557	807							807		
Technology Initiative	14-100-034-5120-373	7/1/13-6/30/14	6,980			6,980	6,980			6,980		-	
Technology Initiative	13-100-034-5120-373	7/1/12-6/30/13	7,859	215		-					215		
Total Special Revenue Funds				24,273	-	79,107	70,054			70,054		-	9,053
Capital Project Funds:													
N.J. Economic Development Authority Grant	0820-020-05-0AZL		841,386	(161,598)								(161,598)	
N.J. Economic Development Authority Grant	0820-030-05-0AZM		662,536	(127,312)								(127,312)	
N.J. Economic Development Authority Grant	0820-040-05-0AZN		106,786	(20,510)								(20,510)	
Total Capital Project Funds				(309,420)								(309,420)	
Enterprise Funds:													
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	2,808		-	2,201	2,808			2,808		(607)	
State School Lunch Program	13-100-010-3350-023	7/1/12-6/30/13	3,270	(654)	-	654							
				(654)	-	2,855	2,808			2,808		(607)	
Total All Funds				(699,610)	\$ -	\$ 3,016,225	\$ 3,024,635			\$ 3,024,635	\$ 24,273	\$ (741,346)	\$ 9,053
State Financial Assistance Not Subject To Major Program Determination:													
General Funds:													
On-Behalf TPAF PRM Contributions	13-495-034-5095-006	7/1/13-6/30/14	603,022			(603,022)	(603,022)						
On-Behalf TPAF Pension Contributions	13-495-034-5095-001	7/1/13-6/30/14	367,781			(367,781)	(367,781)						
						\$ (970,803)	\$ (970,803)			\$ (970,803)			
Total State Financial Assistance Subject to Single Audit				(699,610)	\$ -	\$ 2,045,422	\$ 2,053,832			\$ 2,053,832	\$ 24,273	\$ (741,346)	\$ 9,053

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2014

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Chester School District Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent year due to the state deferral and recording of one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2014
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$0.00 in the general fund and \$11,286 in the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$2,951,773	\$2,951,773
Special Revenue Fund	332,698	70,054	402,752
Food Service Fund	<u>58,800</u>	<u>2,808</u>	<u>61,608</u>
Total Awards and Financial Assistance	<u>\$391,498</u>	<u>\$ 3,024,635</u>	<u>\$3,416,133</u>

Note 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amounts reported as TPAF Pension and Post Retirement Medical Contributions represents the amounts paid by the state on behalf of the district for the year ended June 30, 2014. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

Note 6: On-Behalf Programs Not Subject to State Single Audit

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Part I – Summary of Auditor's Results

Financial Statement Section

- D) Type of auditor's report issued: Unmodified
- E) Internal Control over financial reporting:
- 1) Material weakness(es) identified? _____yes X no
- 2) Were significant deficiencies identified
 that were not considered to be material
 weaknesses? _____yes X no
- F) Noncompliance material to basic
 financial statements noted? _____yes X no

Federal Awards Section

NOT APPLICABLE

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

Part I – Summary of Auditor's Results

State Financial Assistance Section

J) Dollar threshold used to determine Type A Programs \$300,000.00

K) Auditee qualified as low-risk auditee? Xyes no n/a

L) Type of auditor's report on compliance for major programs: Unmodified

M) Internal Control over compliance:

1) Material weakness(es) identified? yes X no

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no

N) Any audit findings disclosed that are required To be reported in accordance with N.J. OMB Circular 04-04? yes X no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
	<u>STATE AID CLUSTER:</u>
<u>14-100-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>14-100-034-5120-084</u>	<u>Security Aid</u>
<u>14-100-034-5120-085</u>	<u>Adjustment Aid</u>
<u>14-100-034-5095-002</u>	<u>Reimbursed TPAF Social</u>
	<u>Security Contribution</u>

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Not Applicable

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Not Applicable

BOARD OF EDUCATION
CHESTER SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2014

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Not Applicable